

# Clampdown

Live Webcast Hosted By:

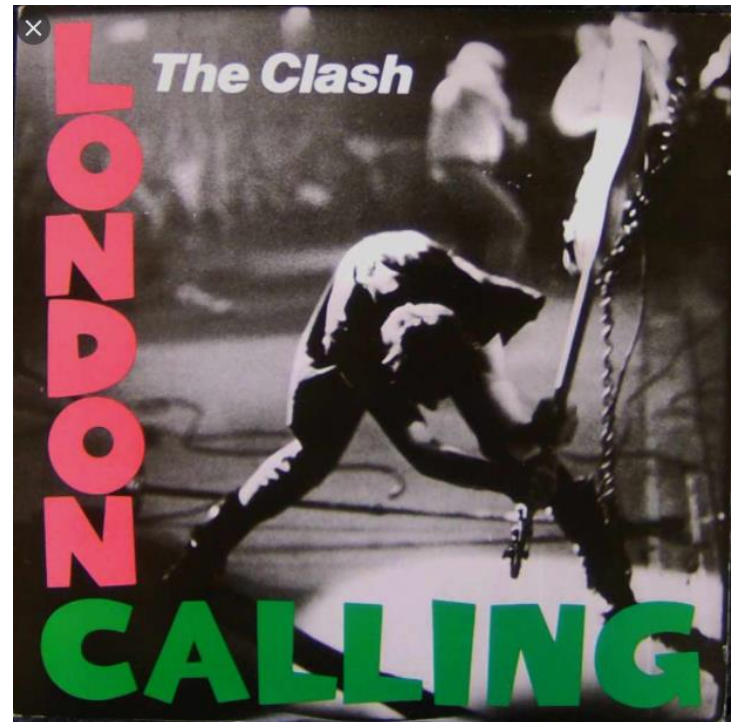
**Jeffrey Gundlach**

Chief Executive Officer

**Andrew Hsu**

Portfolio Manager

**June 8, 2021**



# Webcast Announcements



## [2021 Webcast Schedule available on www.doublelinefunds.com](http://www.doublelinefunds.com)

### [Fixed Income Alternatives – Infrastructure Webcast – July 13, 2021](#)

Portfolio Managers, Andrew Hsu and Damien Contes will discuss DoubleLine’s Infrastructure Fund  
Go to [www.doublelinefunds.com/webcast-schedule/](http://www.doublelinefunds.com/webcast-schedule/)  
1:15 pm PDT/4:15 pm EDT

### [Closed-End Fund Webcast – July 27, 2021](#)

Deputy CIO Jeffrey Sherman will discuss DoubleLine’s suite of Closed-End Funds  
Go to [www.doubleline.com](http://www.doubleline.com), Home page under “Webcasts”  
1:15 pm PDT/4:15 pm EDT

### **To Receive Today’s Presentation Slides:**

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## **NEW!** Monday Morning Minutes Podcast

Hosted by Portfolio Managers Sam Lau and Jeff Mayberry  
Featuring timely and relevant weekly Macro and Markets recaps.



*Recorded Friday afternoon for your Monday morning commute, or anytime in between.*

Posts weekly to [www.doubleline.com](http://www.doubleline.com), iTunes, Sound Cloud, Google Podcasts, Spotify and Stitcher.

Visit them on Twitter: [@DLineMinutes](https://twitter.com/DLineMinutes) 



## DoubleLine's Channel 11

Hosted by Portfolio Manager Ken Shinoda and available on  YouTube

Twitter: [@DLineChannel11](https://twitter.com/DLineChannel11)

Email: [channel11@doubleline.com](mailto:channel11@doubleline.com) 



## The Sherman Show Podcast

Hosted by Deputy CIO Jeffrey Sherman and Portfolio Manager Sam Lau

Available on [www.doubleline.com](http://www.doubleline.com), iTunes, Sound Cloud, Google Podcasts,

Spotify and Stitcher. Visit them on Twitter: [@ShermanShowPod](https://twitter.com/ShermanShowPod) 

## Total Return Bond Fund

<b>Retail, Institutional &amp; Retirement Class</b>			
No Load Mutual Fund			
	<b>Retail</b>	<b>Institutional</b>	<b>Retirement</b>
	N-share	I-share	R6-Share
<b>Ticker</b>	<b>DLTNX</b>	<b>DBLTX</b>	<b>DDTRX</b>
<b>Min Investment</b>	\$2,000	\$100,000	N/A
<b>Min IRA Investment</b>	\$500	\$5,000	N/A
<b>Gross Expense Ratio</b>	0.73%	0.49%	0.45%

**The Funds’ investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory prospectus and summary prospectus (if available) contains this and other important information about the Funds, and it may be obtained by calling (877) 354-6311/ (877) DLINE11, or visiting [www.doublelinefunds.com](http://www.doublelinefunds.com). Read it carefully before investing.**

Mutual fund investing involves risk; Principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in Asset-Backed and Mortgage-Backed Securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. The Fund may use certain types of investment derivatives. Derivatives involve risks different from, and in certain cases, greater than the risks presented by higher-rate securities. The DoubleLine Total Return Bond Fund intends to invest more than 50% of its net assets in mortgage-backed securities of any maturity or type. The Fund therefore, potentially is more likely to react to any volatility or changes in the mortgage-backed securities marketplace.

Diversification does not assure a profit, nor does it protect against a loss in a declining market.

Opinions expressed are subject to change at any time, are not forecasts and should not be considered investment advice.

DoubleLine Funds are distributed by Quasar Distributors, LLC.

While the Funds are no-load, management fees and other expenses still apply. Please refer to the prospectus for further details.

Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

# DoubleLine Total Return Bond Fund Performance



Total Return Bond Fund									
Month-End Returns May 31, 2021	1 Month	3 Months	Year-to- Date	Annualized				Since Inception (4-6-10 to 5-31-21)	Gross Expense Ratio
				1 Year	3 Years	5 Years	10 Years		
I-share (DBLTX)	0.28%	0.18%	-0.40%	2.30%	3.85%	3.01%	3.93%	5.42%	0.49%
N-share (DLTNX)	0.26%	0.12%	-0.51%	2.05%	3.59%	2.76%	3.67%	5.17%	0.73%
Bloomberg Barclays US Agg Index	0.33%	-0.14%	-2.29%	-0.40%	5.06%	3.25%	3.29%	3.70%	

Quarter-End Returns March 31, 2021	1 Month	1Q2021	Year-to- Date	Annualized				Since Inception (4-6-10 to 3-31-21)
				1 Year	3 Years	5 Years	10 years	
I-share (DBLTX)	-0.94%	-1.51%	-1.51%	3.32%	3.53%	2.85%	4.10%	5.40%
N-share (DLTNX)	-0.96%	-1.57%	-1.57%	3.06%	3.27%	2.59%	3.84%	5.15%
Bloomberg Barclays US Agg Index	-1.25%	-3.37%	-3.37%	0.71%	4.65%	3.10%	3.44%	3.65%

SEC 30-Day Yield (%)	I-Share	N-Share
Gross	3.16	2.91
Net <sup>1</sup>	3.16	2.91

1. If a Fund invested in an affiliate Fund sponsored by the Adviser during the period covered by this report the Adviser agreed to not charge a management fee to the Fund in an amount equal to the investment advisory fees paid by the affiliated Fund in respect of the Fund's investment in the affiliated fund to avoid duplicate charge of the investment advisory fees to the investors.

**Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by calling 213-633-8200 or by visiting [www.doublelinefunds.com](http://www.doublelinefunds.com).**

Benchmark: Bloomberg Barclays U.S. Aggregate Index. This index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. It is not possible to invest directly in an index.

The DoubleLine Total Return Bond Fund held 0.00% of McDonalds as of May 31, 2021.

# Clampdown

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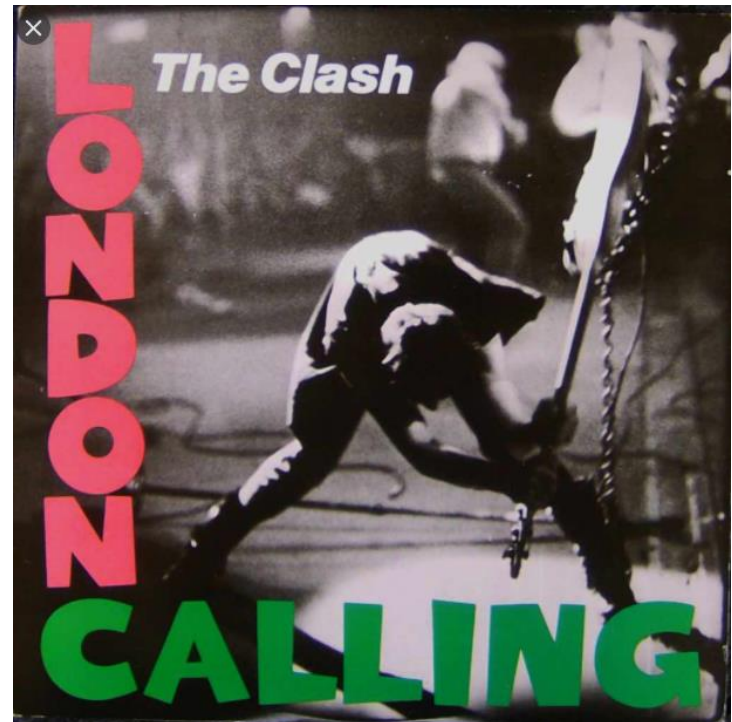
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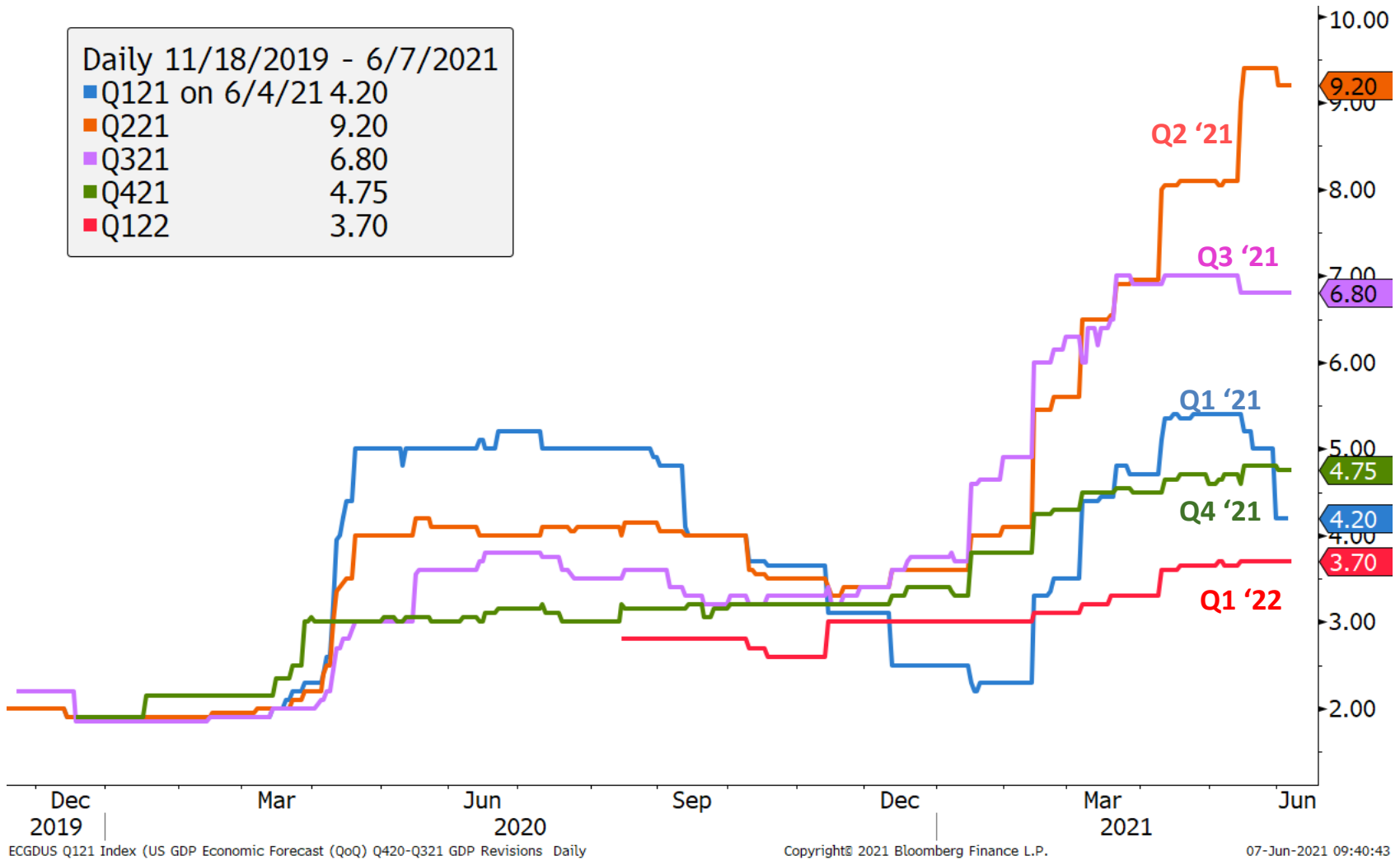
**June 8, 2021**





A Pennsylvania McDonald's is offering a hiring bonus. Keith Srakocic/Associated Press

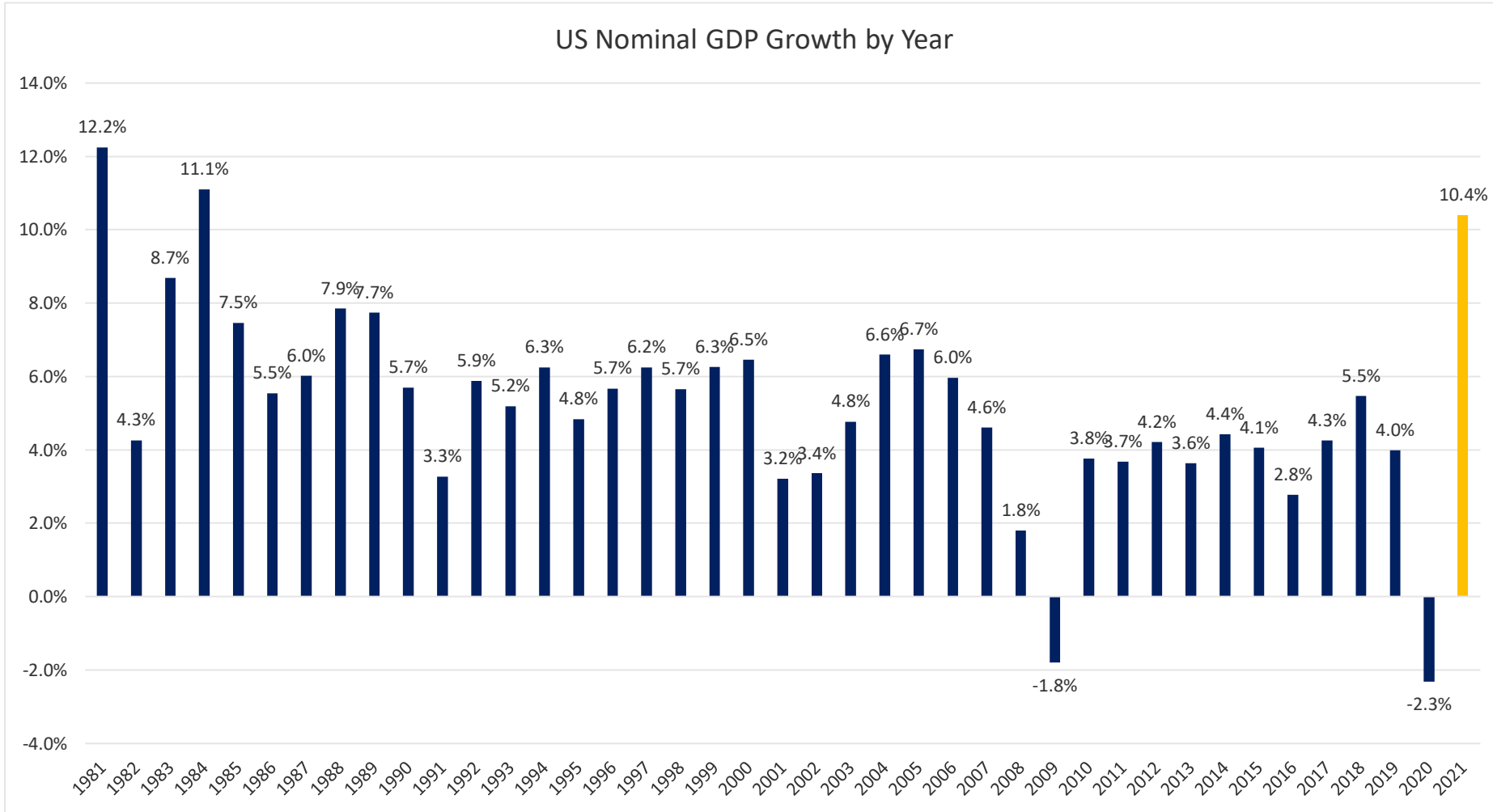
# U.S. Q1 2021 - Q1 2022 U.S. GDP Revisions



Source: Bloomberg; DoubleLine

GDP = Gross Domestic Product is the amount of goods and services produced within a given country.

# U.S. Nominal GDP Growth by Year with 2021 Forecast

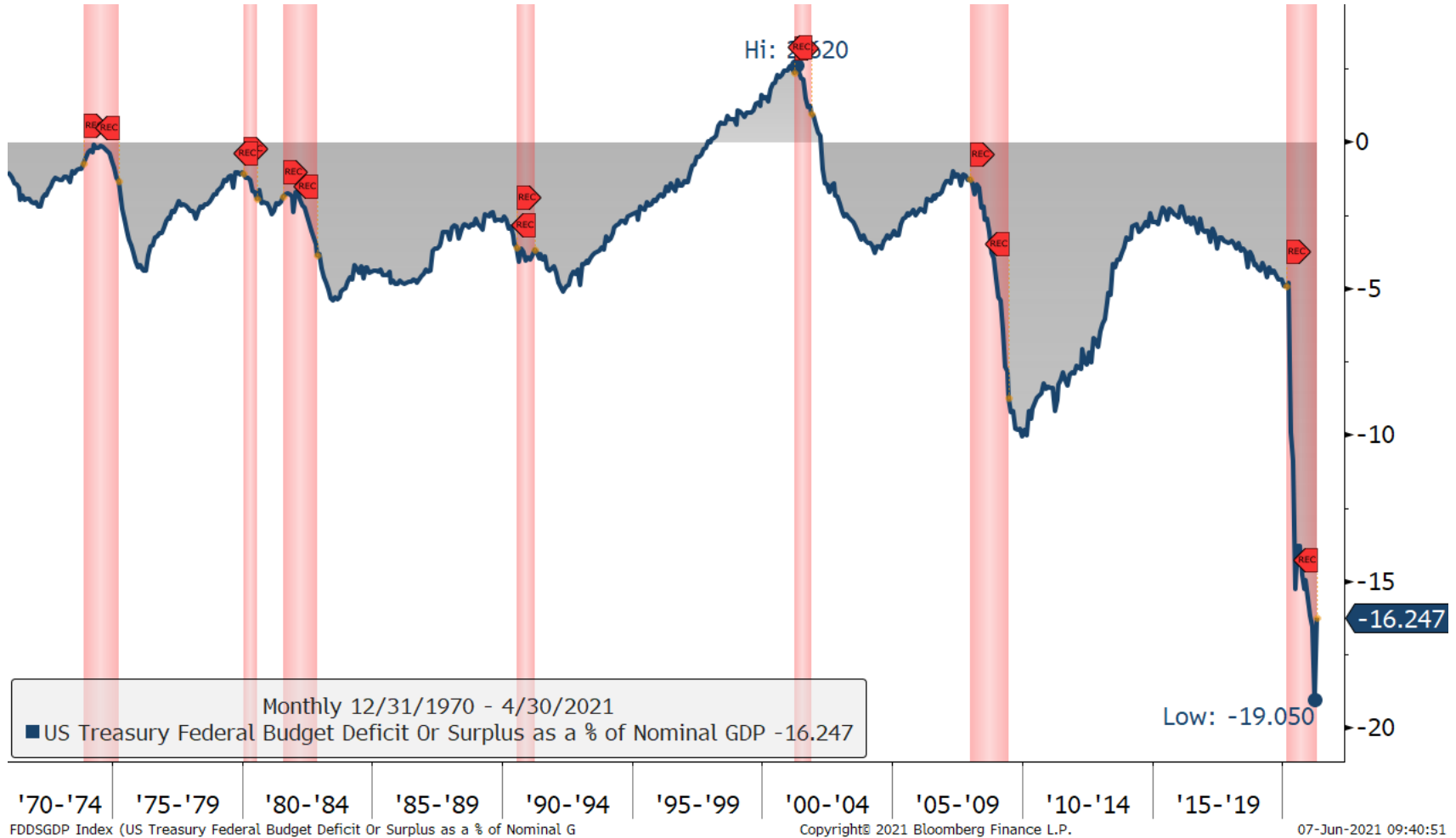


Source: Bloomberg; DoubleLine

GDP = Gross Domestic Product is the amount of goods and services produced within a given country.

Forecast based on AtlantaFed GDPNow for Q2 2021 and Bloomberg economist survey for Q3-Q4 2021 and internal CPI forecast as proxy for GDP deflator.

# U.S. Budget Deficit Watch

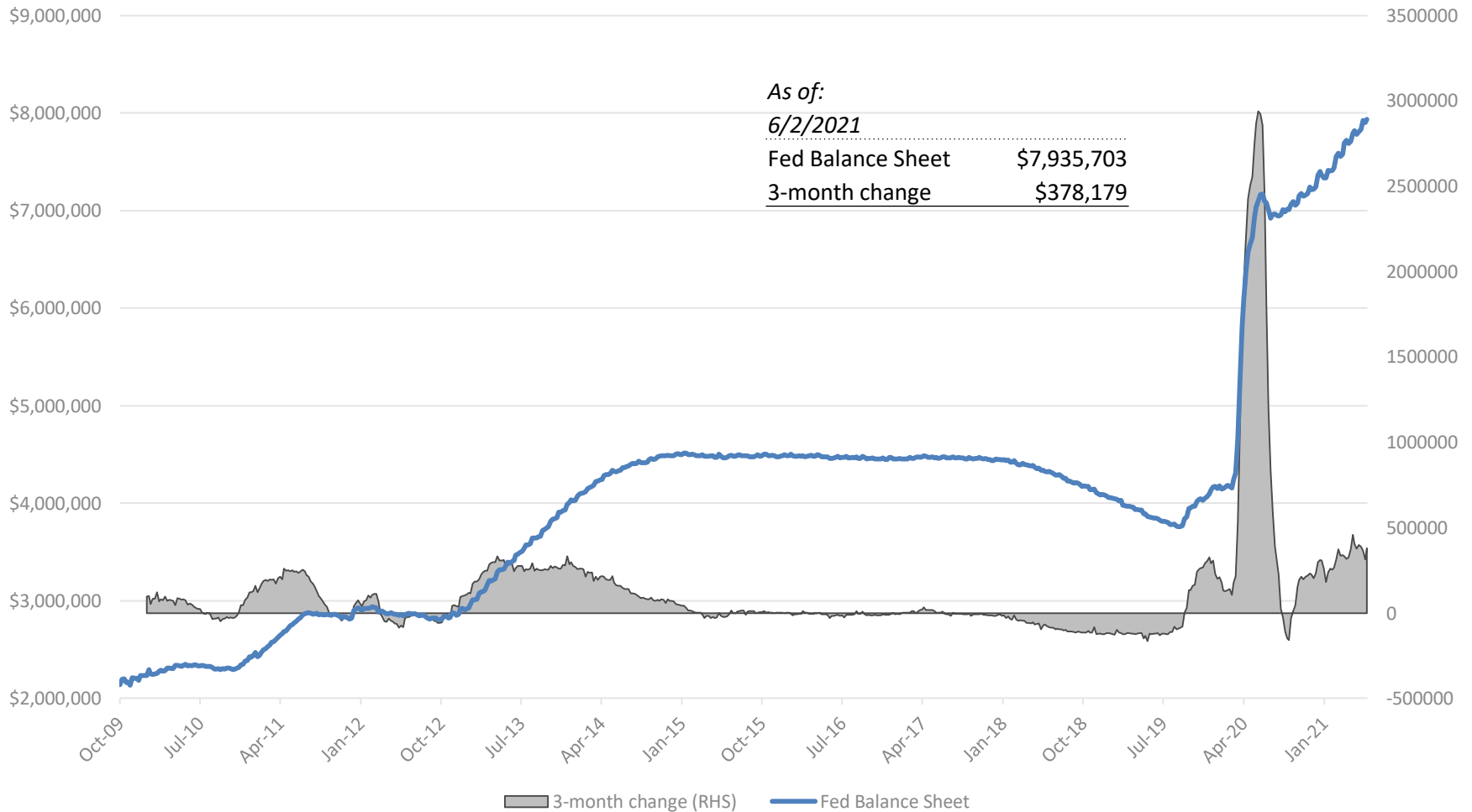


Data Source: Bloomberg, DoubleLine

GDP = Gross Domestic Product is the amount of goods and services produced within a given country. Red shaded areas indicate recessionary periods.

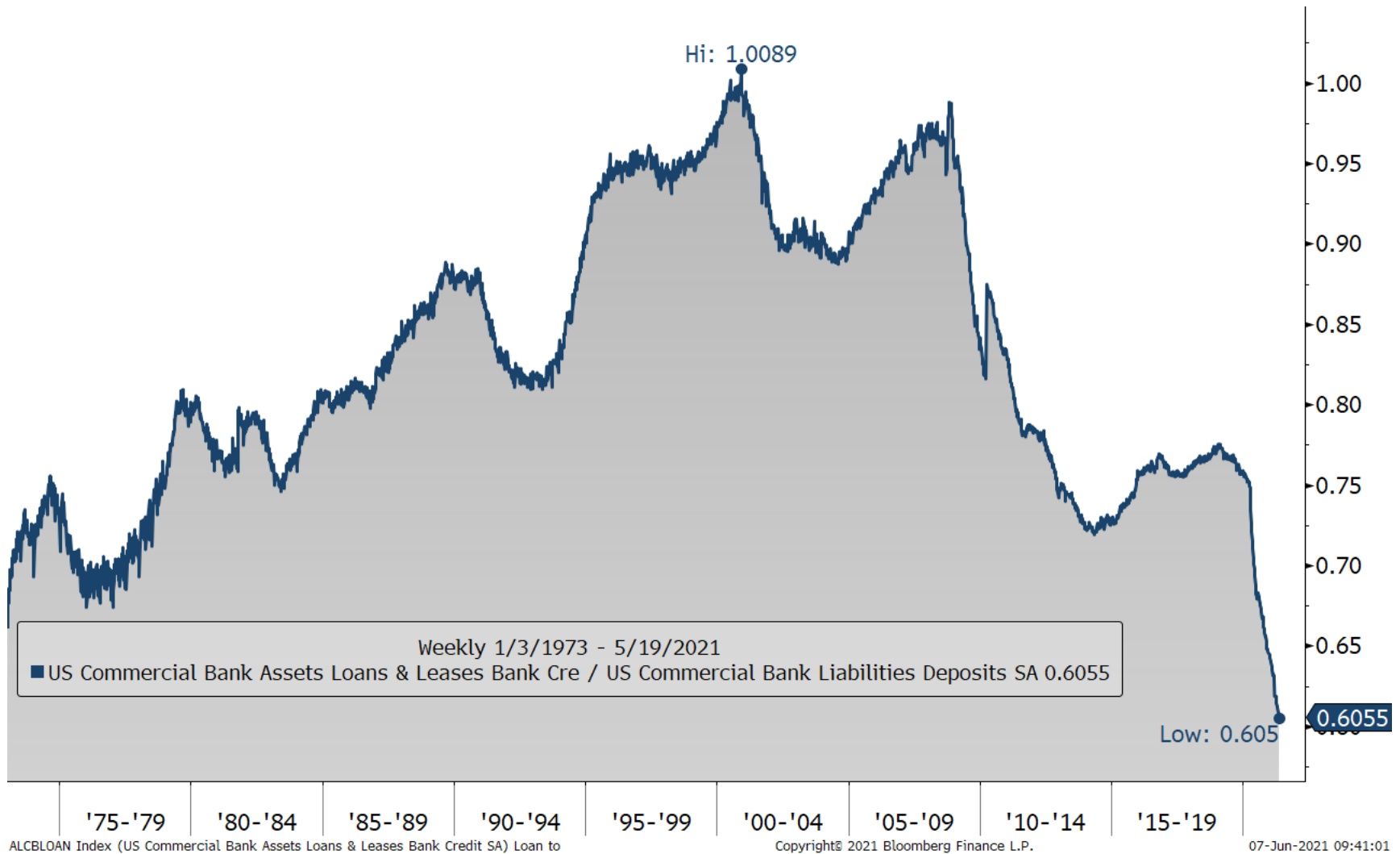
# Fed Balance Sheet and 3-month Change

Fed Balance Sheet and 3-month Change (Millions)



Source: Bloomberg; DoubleLine

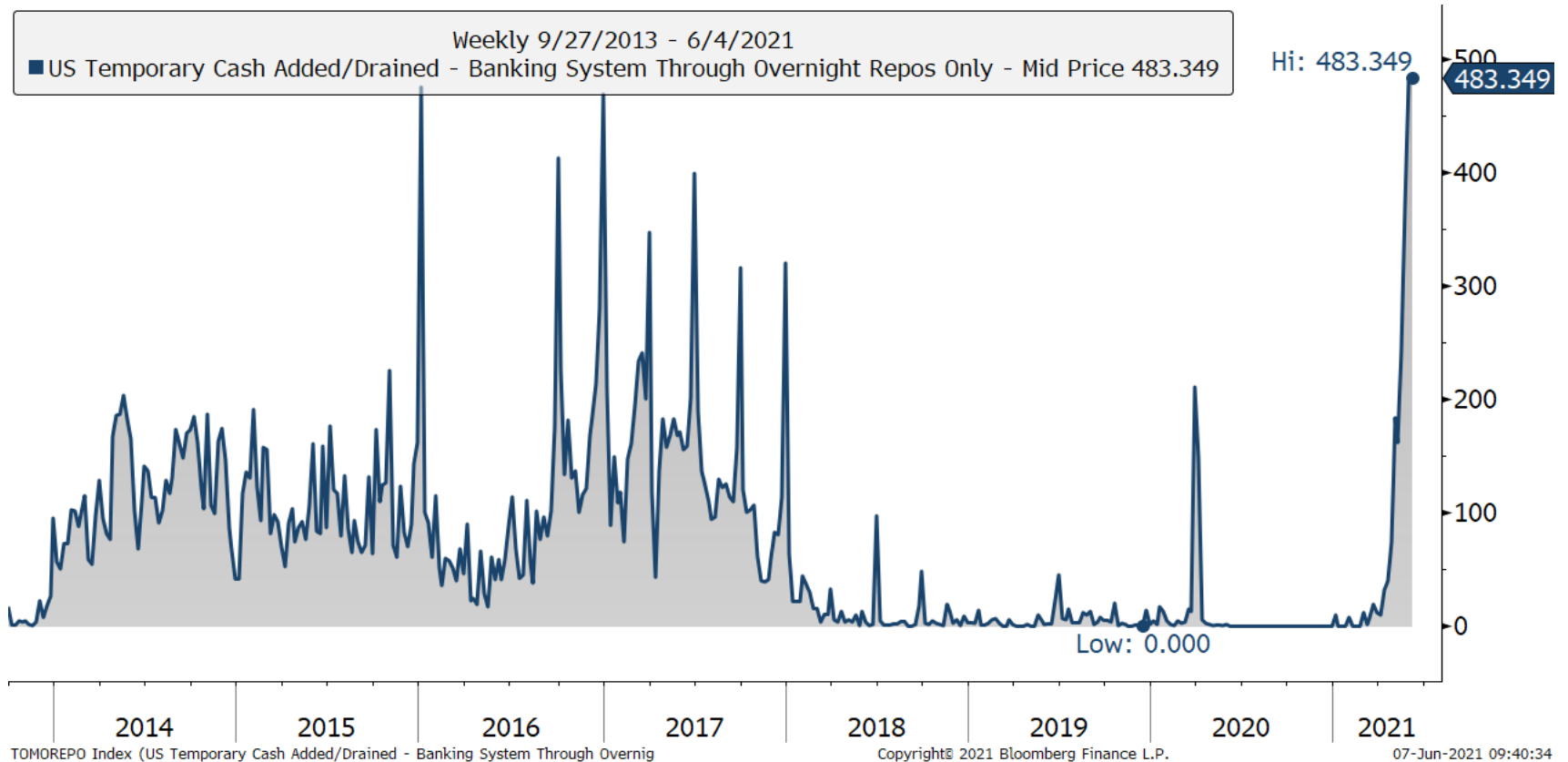
# Commercial Bank Loan to Deposit Ratios



Source: Bloomberg, DoubleLine

# Fed Overnight Reverse Repo Facility Reached Highest in Record

- Fed reverse repo facility sharply increasing as cash overwhelms U.S. front-end assets.

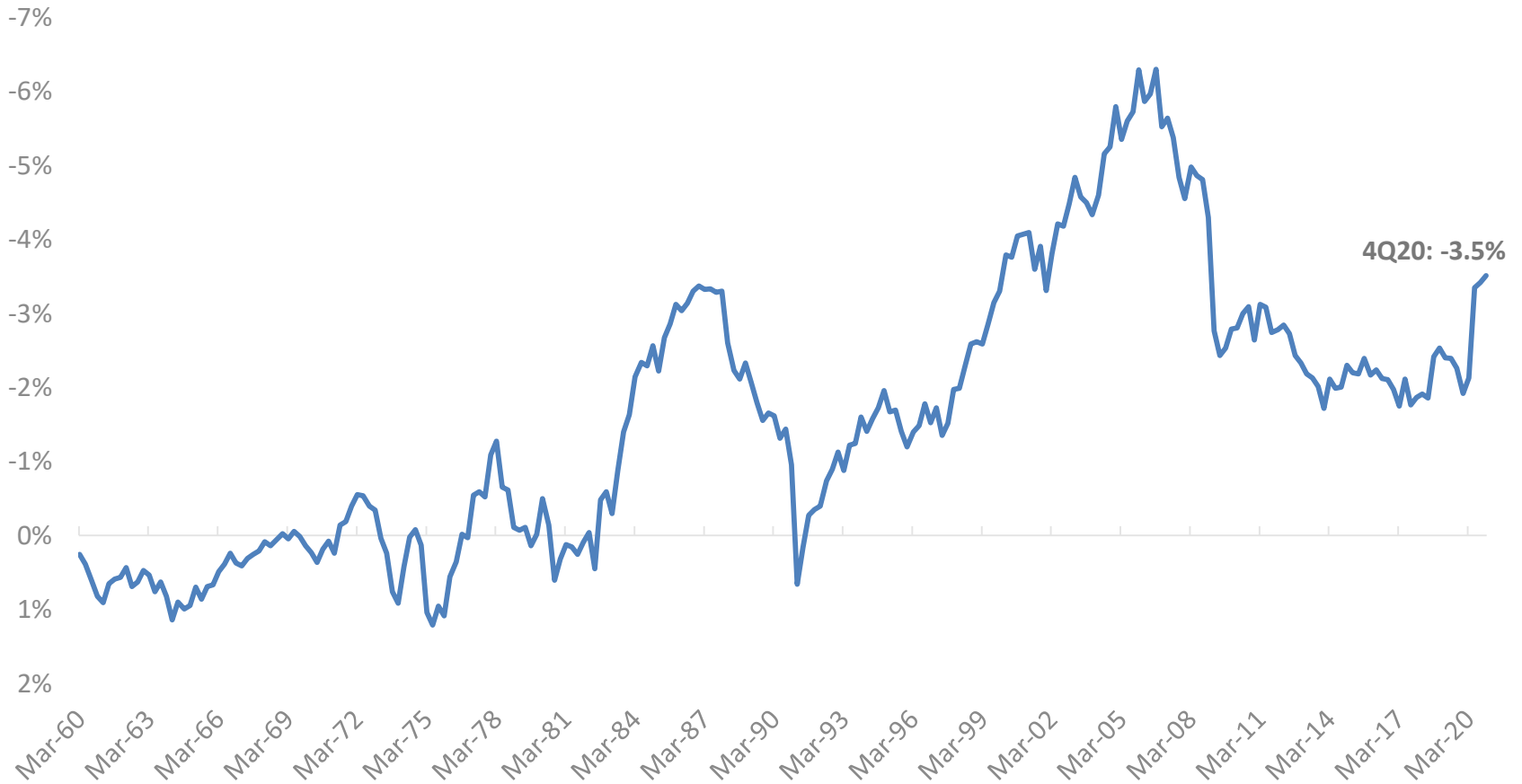


Source: Bloomberg

# U.S. Trade Balance (Inverted)

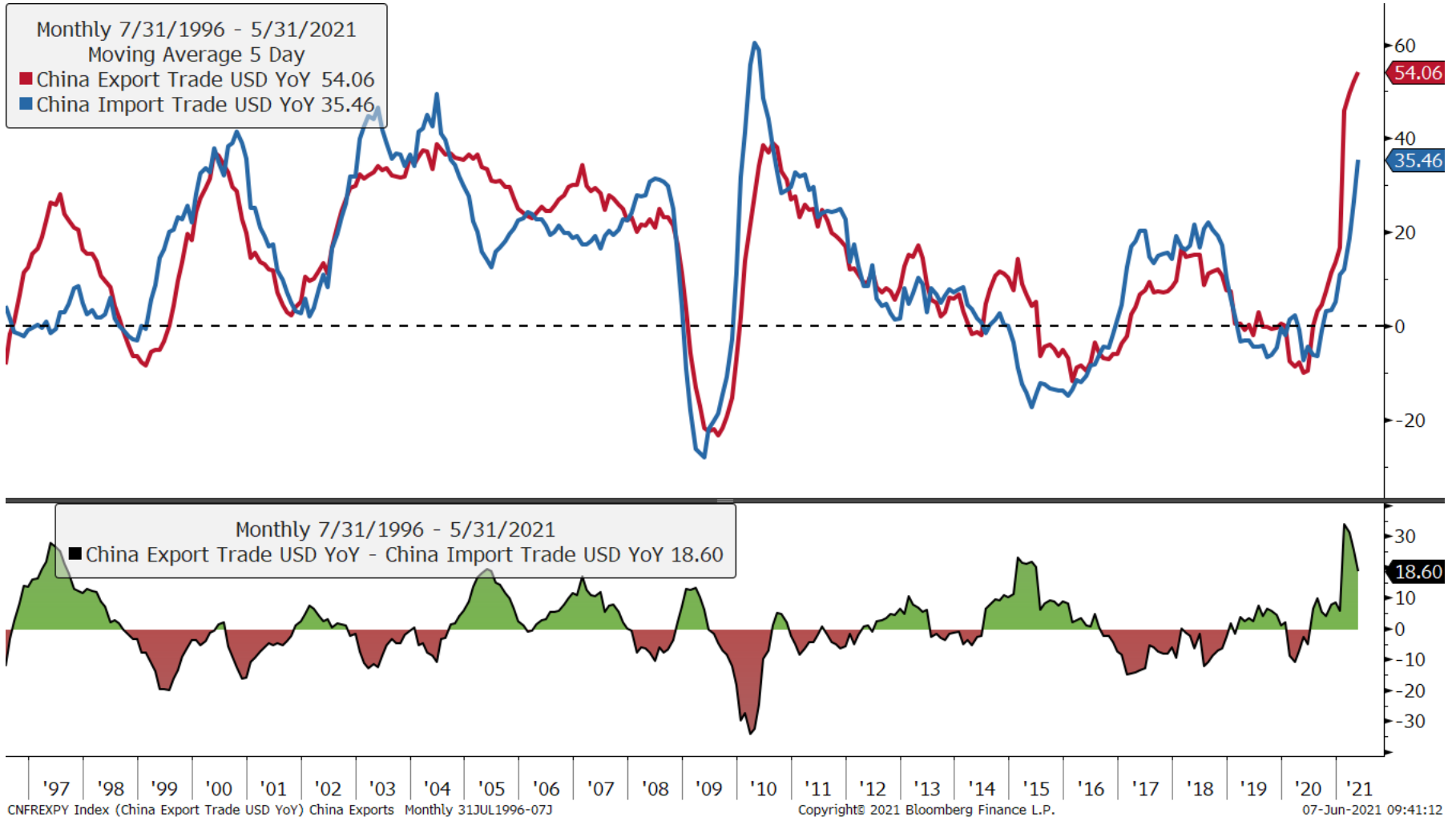
As of December 31, 2020

Current Account Balance (% of GDP)



Source: Guide to the Markets by JPMorgan, Q1-2021, Bloomberg, DoubleLine  
GDP = Gross Domestic Product is the amount of goods and services produced within a given country.

# China Total Exports and Imports in USD (YoY)



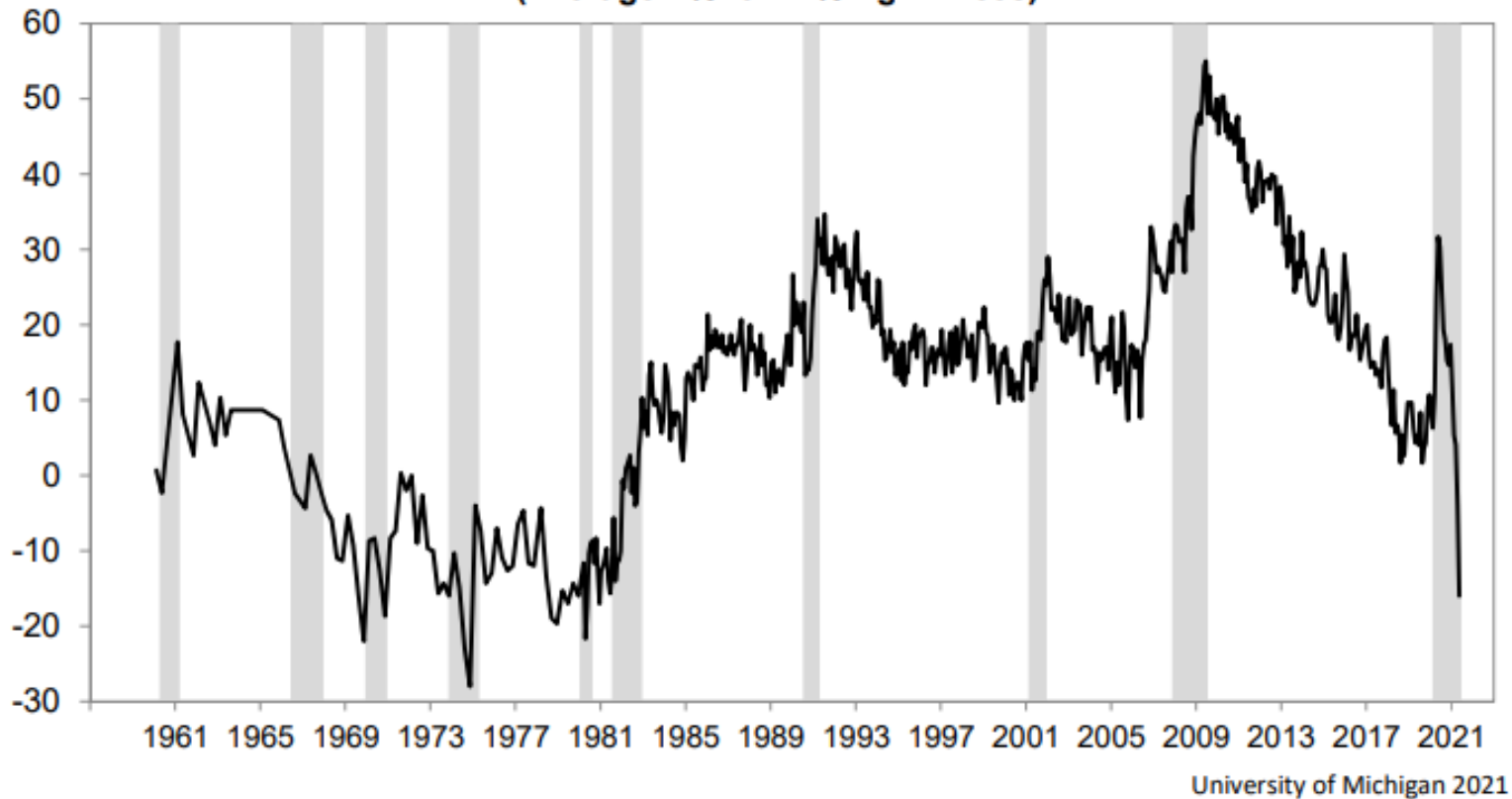
Source: Bloomberg; DoubleLine  
YoY = year-over-year



# Consumers Concerned About Rising Prices

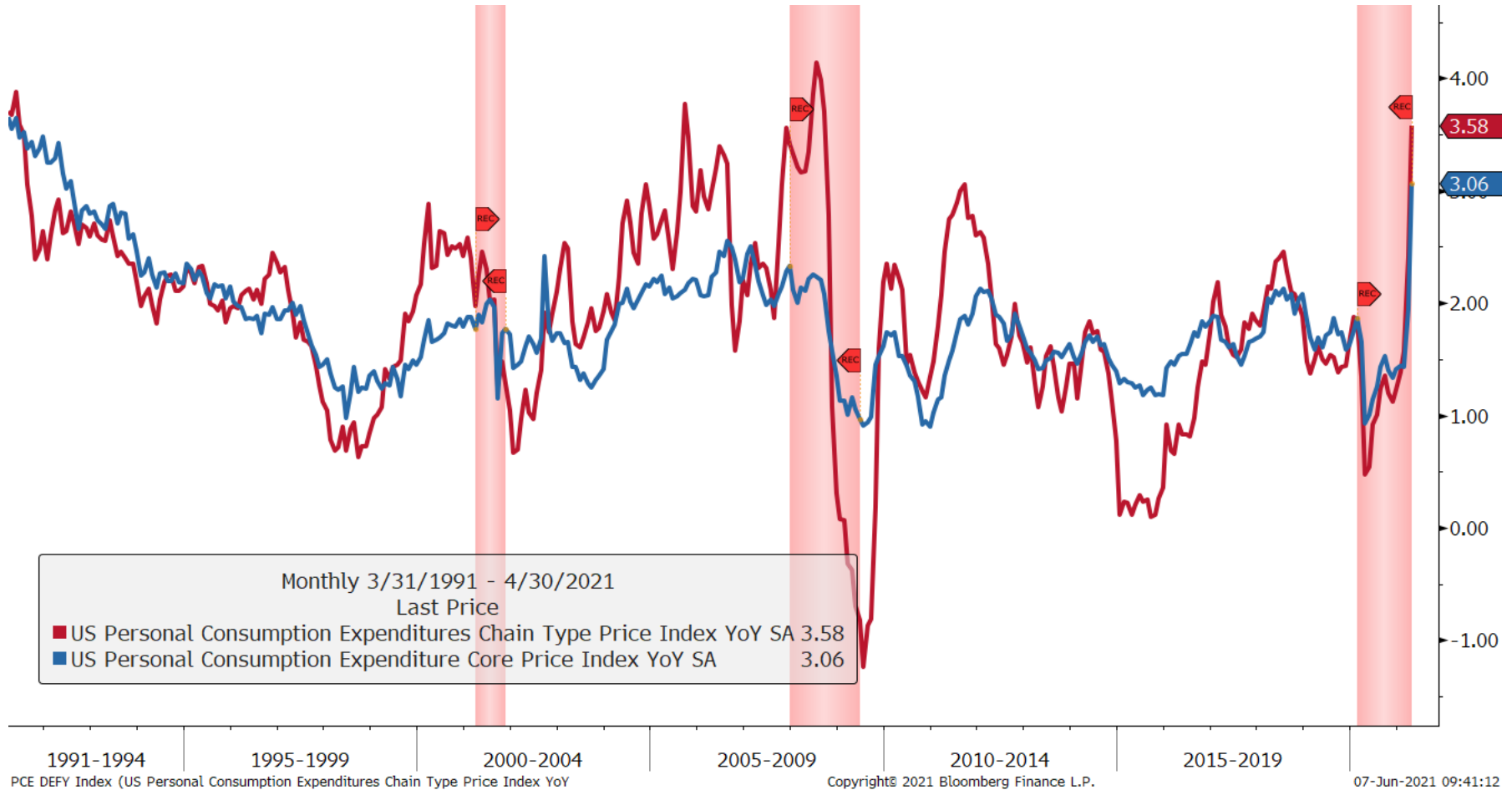
- The average of net price mentions for buying conditions for homes, vehicles, and household durables were more negative than any time since the end of the last inflationary era in 1980.

**References to Prices for Homes, Vehicles, and Durables**  
(Average: %Low - %High Prices)



Source: University of Michigan, as of April 2021

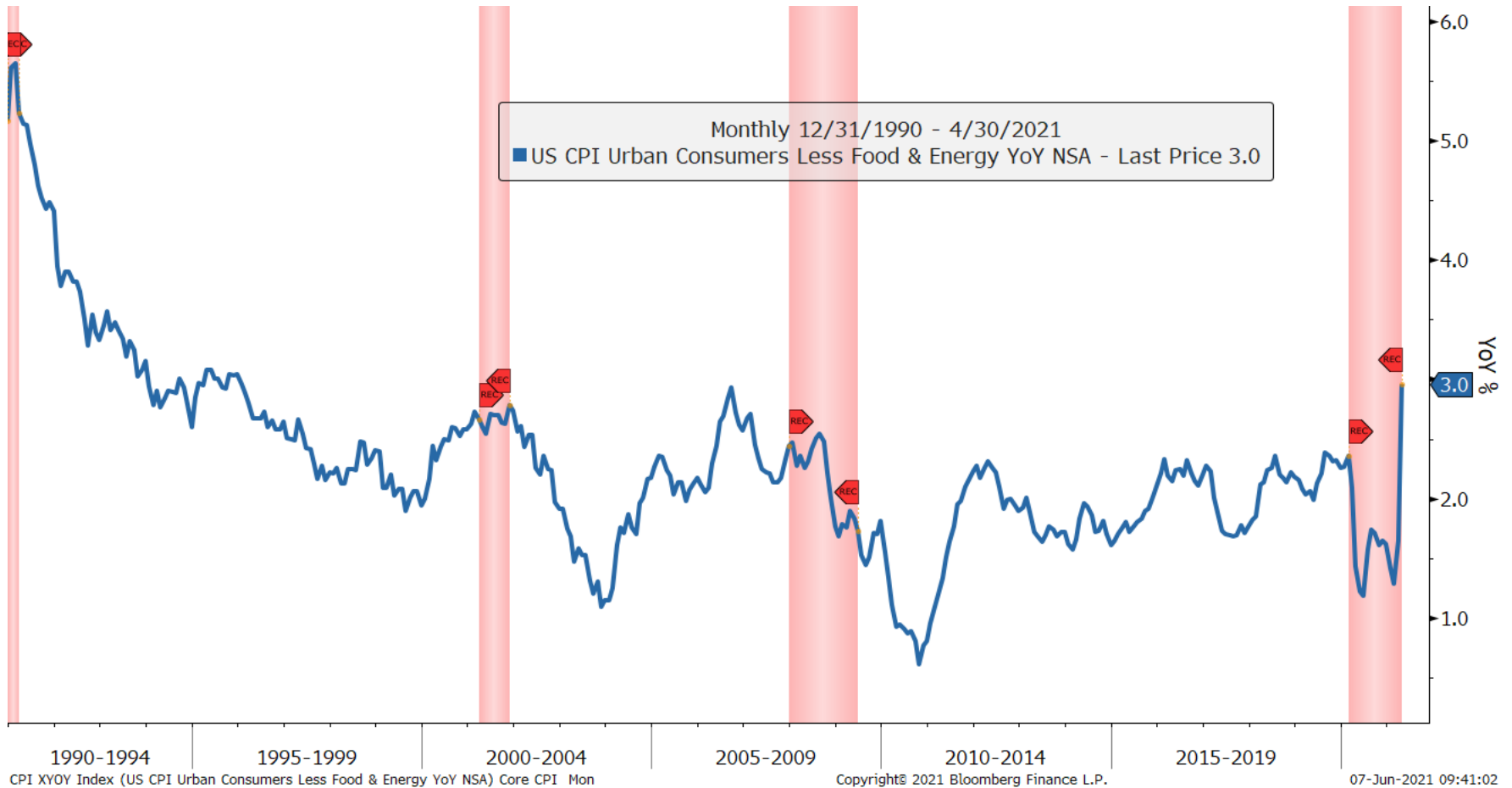
# PCE and Core PCE (YoY)



Source: DoubleLine, Bloomberg

PCE= Personal Consumption Expenditures reflects changes in the prices of goods and services. Core PCE excludes food and energy. You cannot invest directly in a n index.

# Core CPI at +3.0% (YoY)



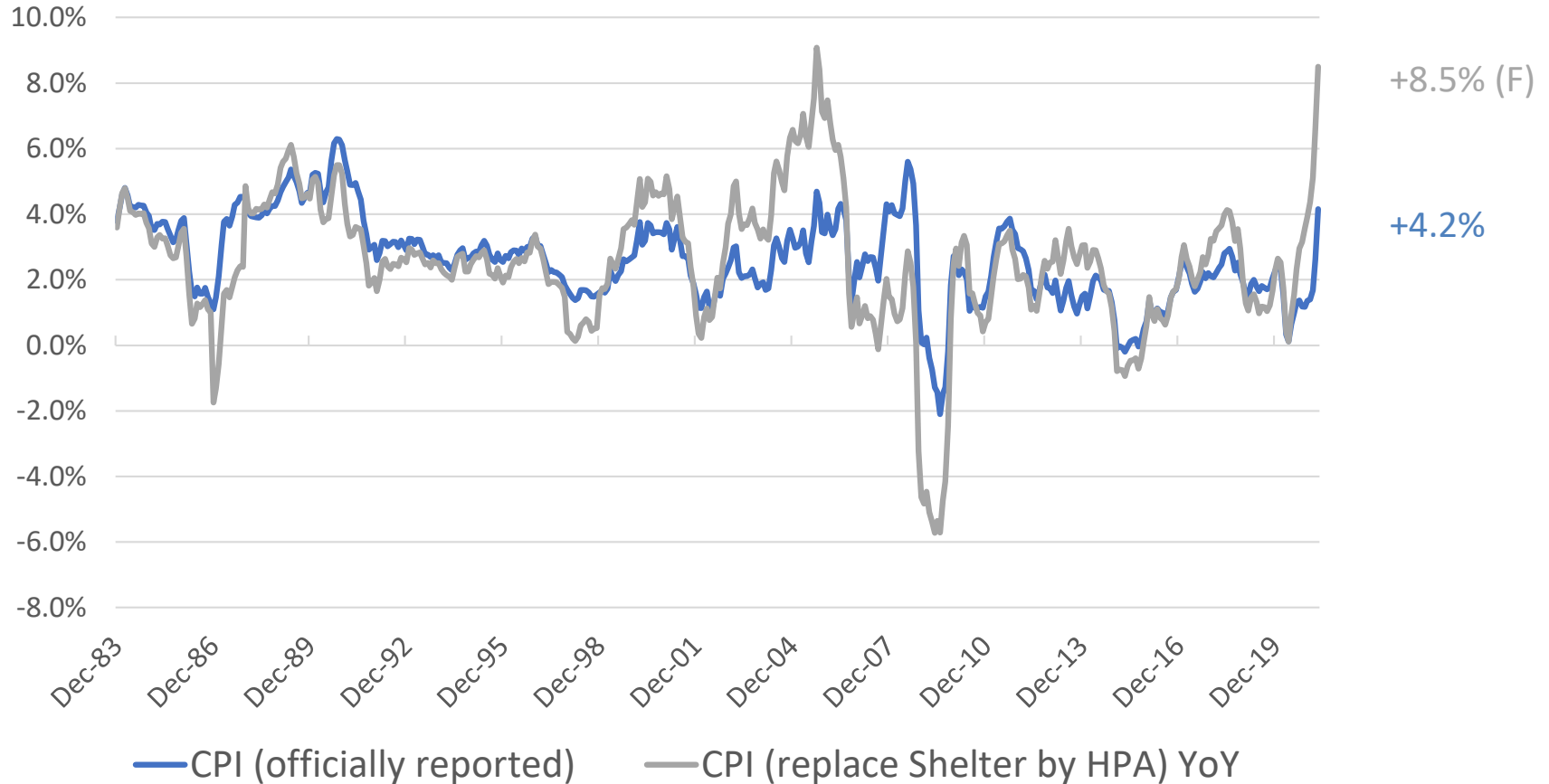
Source: Bloomberg, DoubleLine

CPI = Consumer Price Index measures the average change in prices over time that consumers pay for a basket of goods and services, commonly known as inflation. Core CPI includes all items less food and energy. You cannot invest directly in a n index.

# A Multi-Year Boom in Home Prices Could Boost Rent Inflation

As of May 25, 2021

## Official CPI YoY vs CPI (replace shelter by HPA) YoY

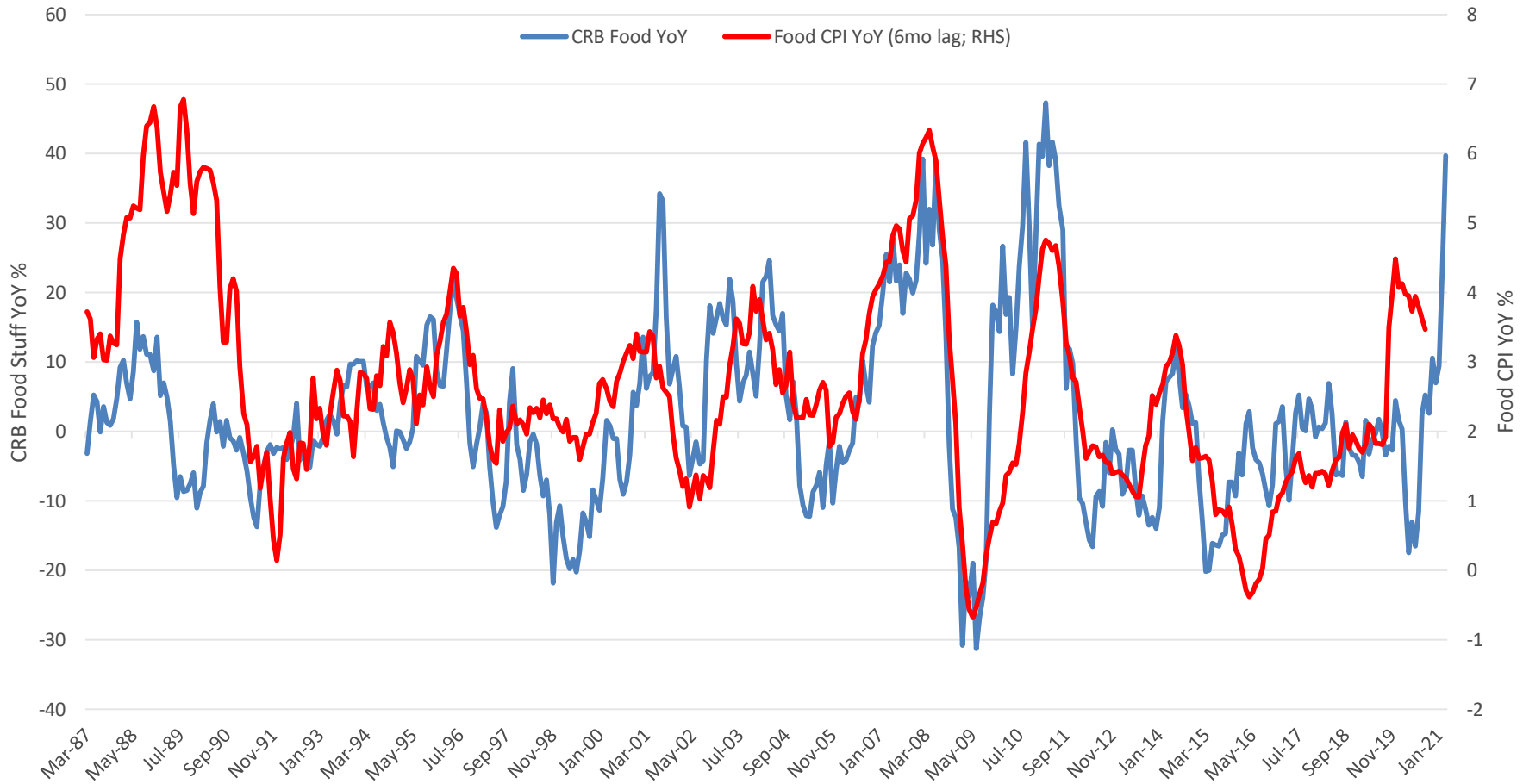


Source: Haver

CPI = Consumer Price Index measures the average change in prices over time that consumers pay for a basket of goods and services, commonly known as inflation. Core CPI includes all items less food and energy. HPA = Housing Price Appreciation. You cannot invest directly in an index.

# Commodity Research Bureau (CRB) Food Stuff Prices & Food CPI

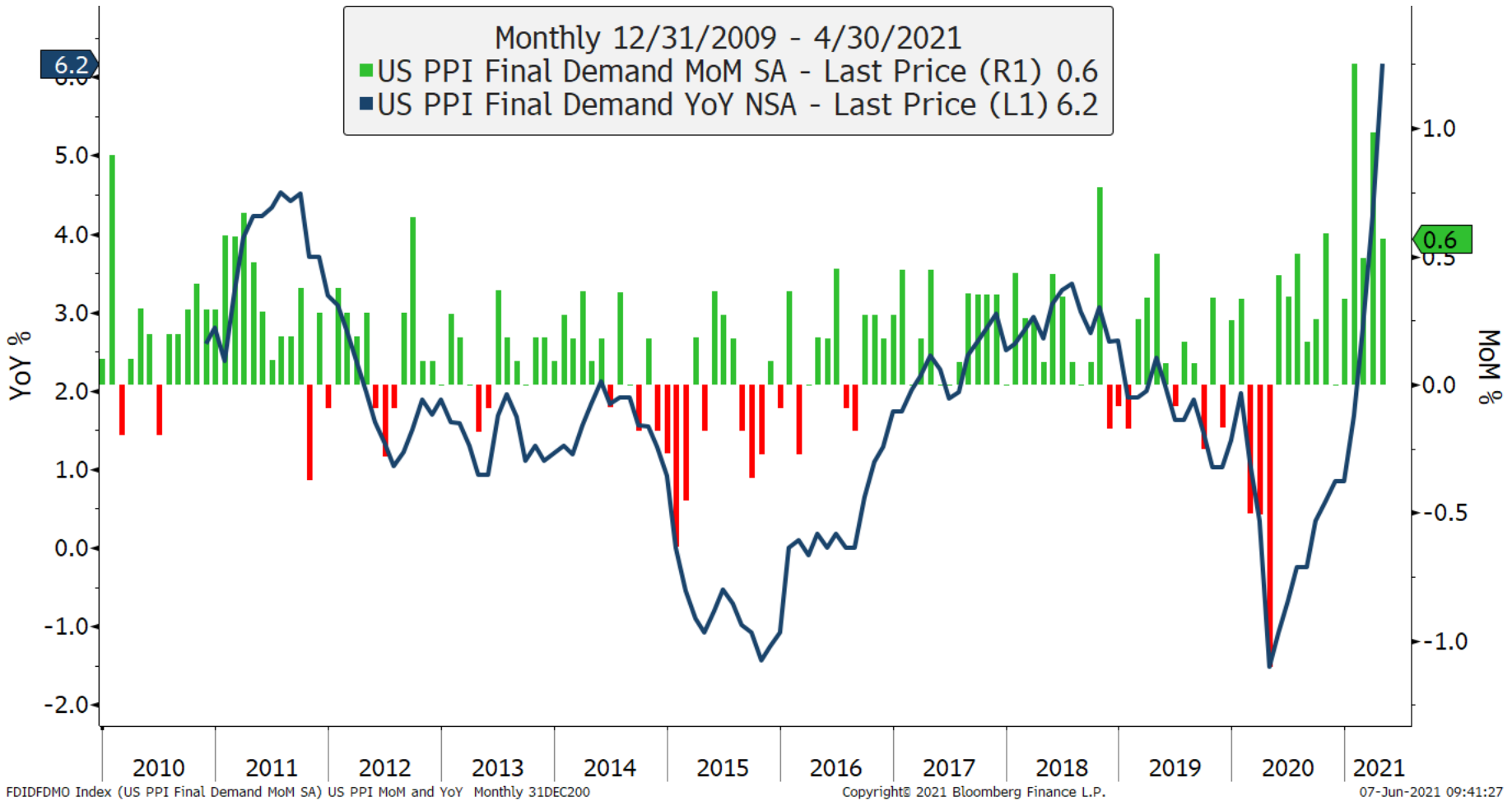
CRB Food Stuff Index and Food CPI YoY



Source: Bloomberg, DoubleLine

CPI = Consumer Price Index measures the average change in prices over time that consumers pay for a basket of goods and services, commonly known as inflation. Core CPI includes all items less food and energy. You cannot invest directly in a n index.

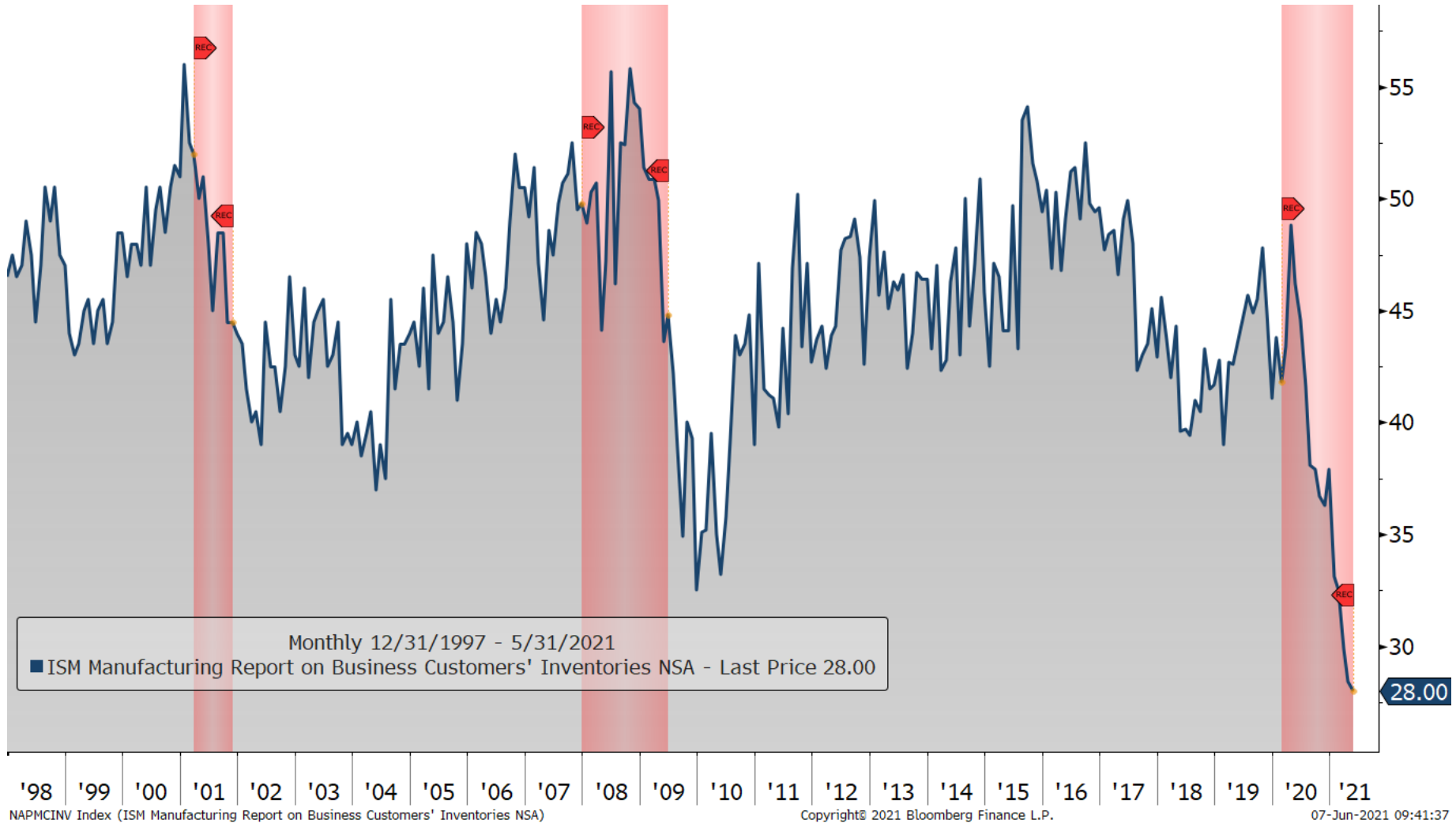
# U.S. PPI (MoM) and (YoY)



Source: Bloomberg; DoubleLine

PPI = Producer Price Index published by Bureau of Labor Statistics (BLS) is a group of indices that calculates and represents the average movement in selling prices from domestic production over time. YoY = year-over-year, MoM = month-over-month, SA = Seasonally Adjusted, NSA = Not Seasonally Adjusted. You cannot invest directly in an index.

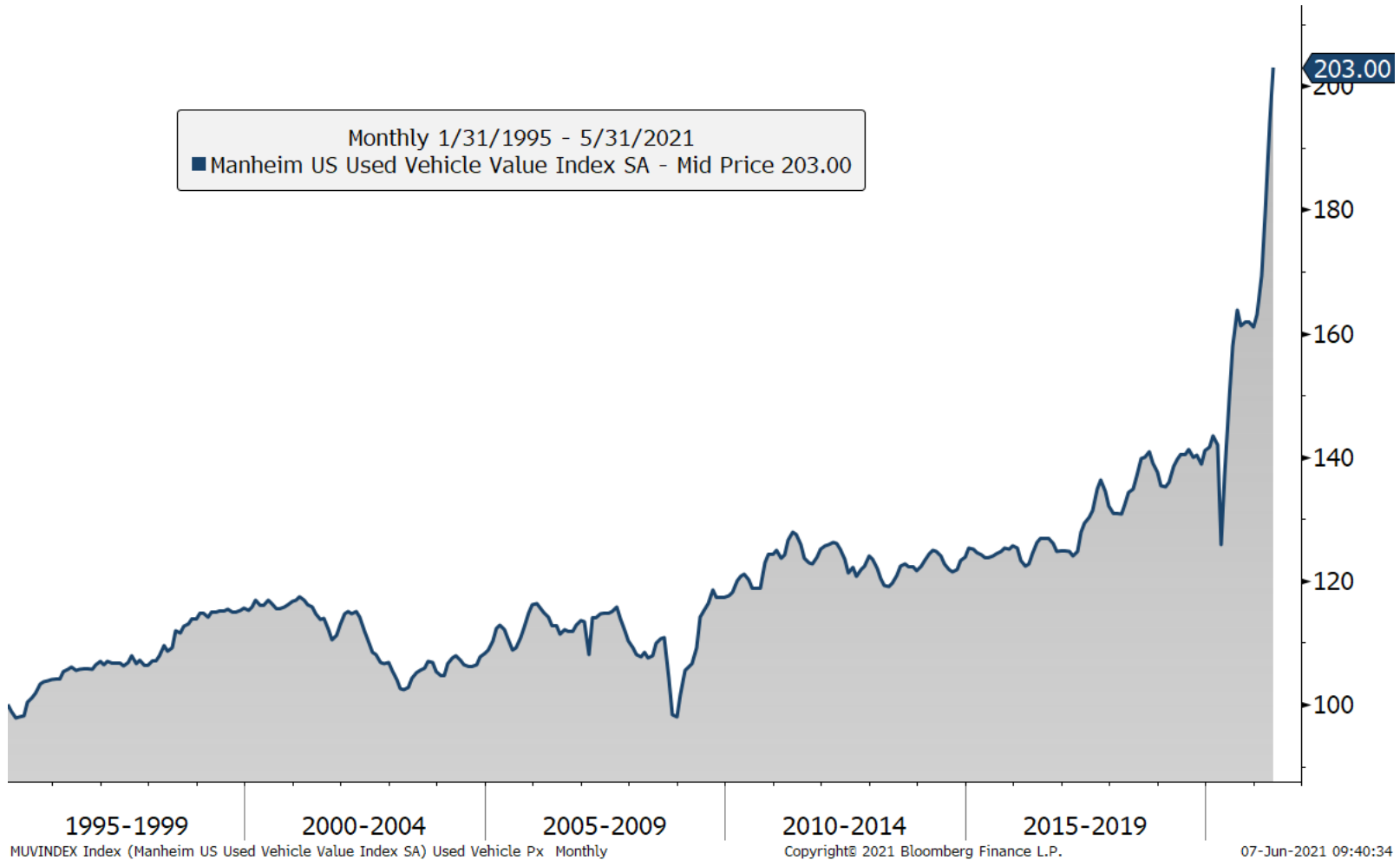
# ISM Manufacturing Customer Inventories



Source: Bloomberg; DoubleLine

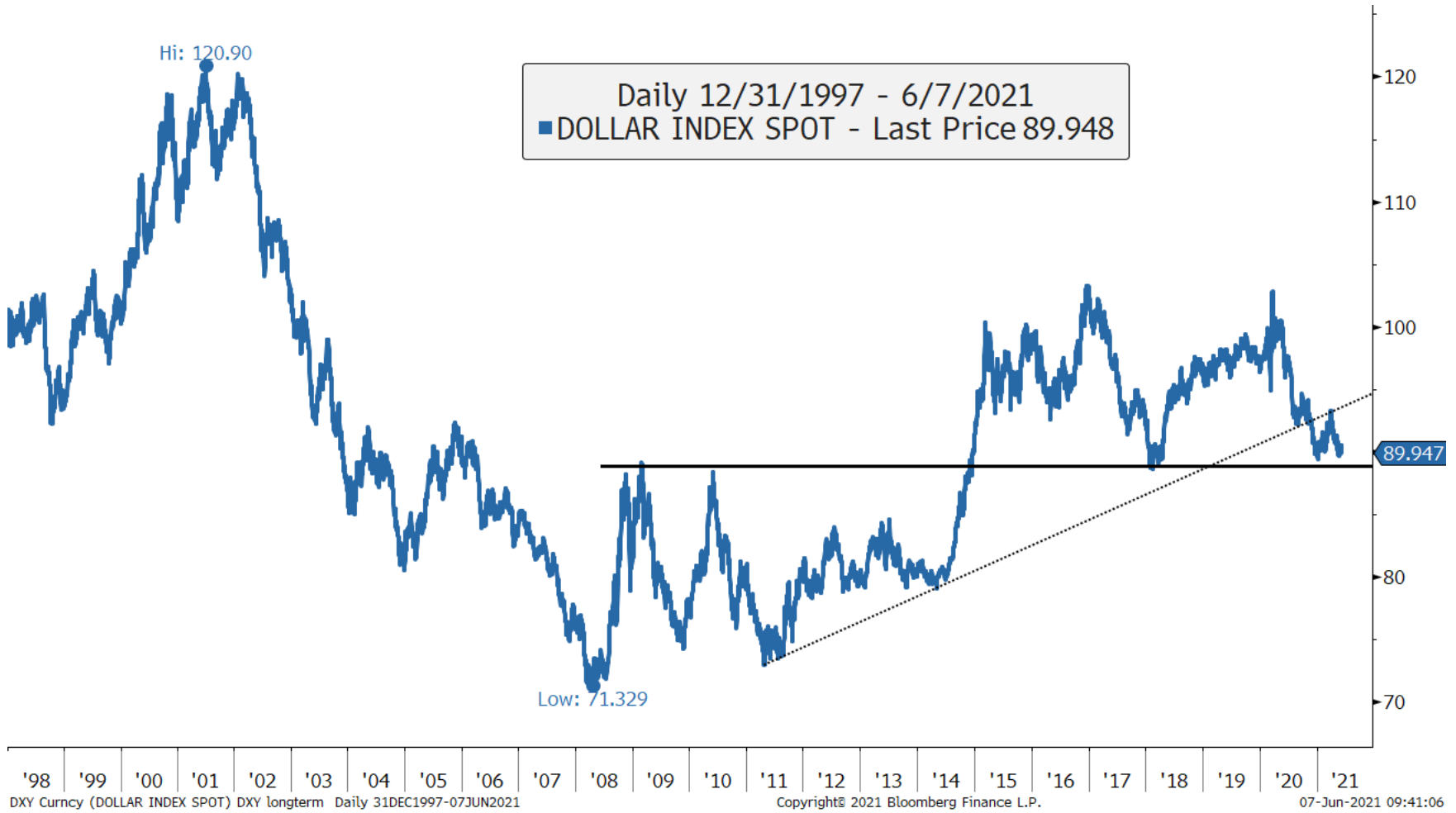
ISM Manufacturing Index measures the change in production levels across the U.S. economy. You cannot invest directly in an index.

# Manheim U.S. Used Vehicle Value Index



Source: Bloomberg; DoubleLine  
Please see appendix for Index definition. You cannot invest directly in an index.

# Dollar Spot Index (DXY) Long-Term

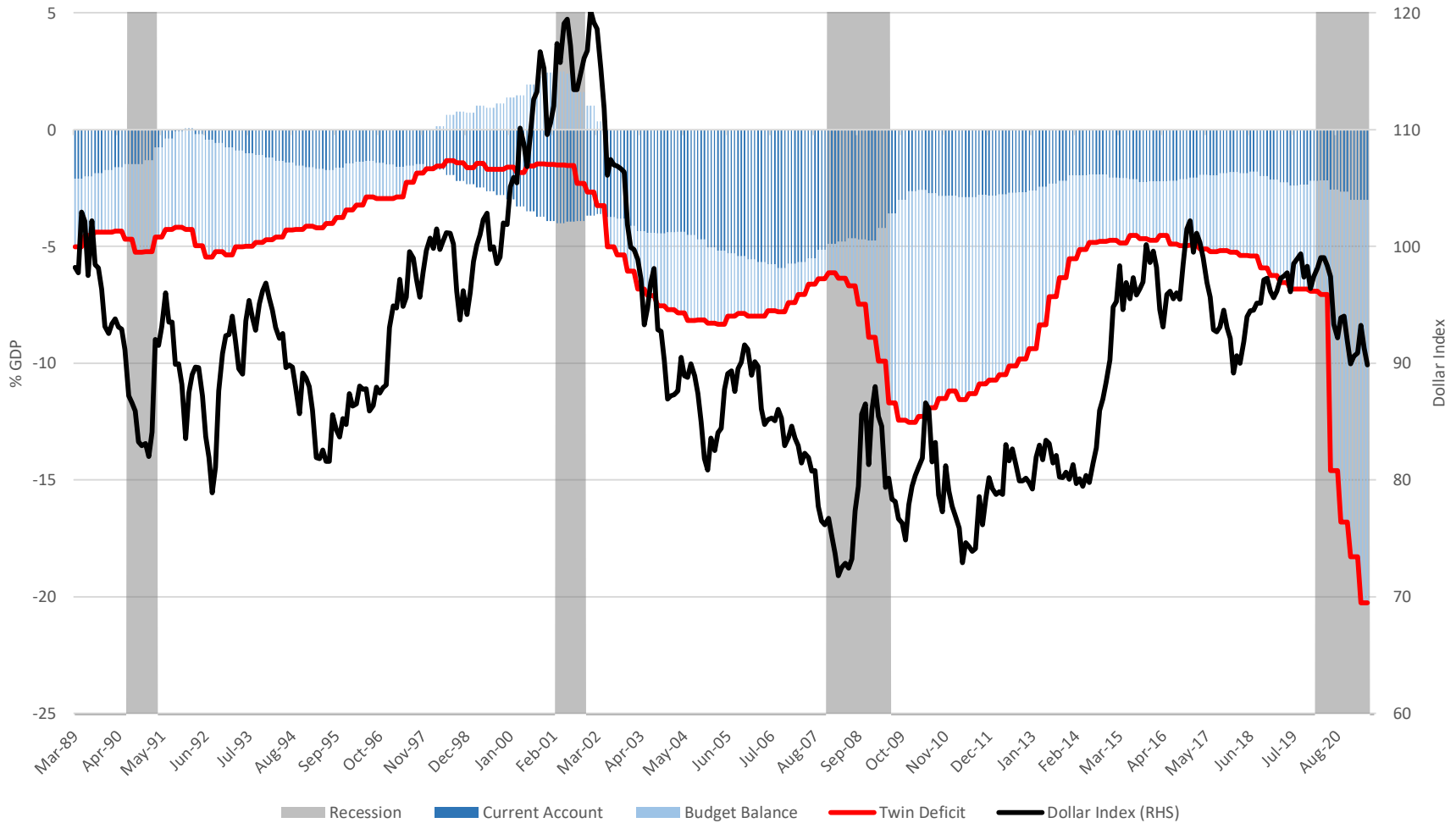


Source: Bloomberg, DoubleLine

DXY = The U.S. Dollar Index (USD, DXY, DX, or, informally, the "Dixie") is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies.

# U.S. Dollar and Current Account and Budget Balance

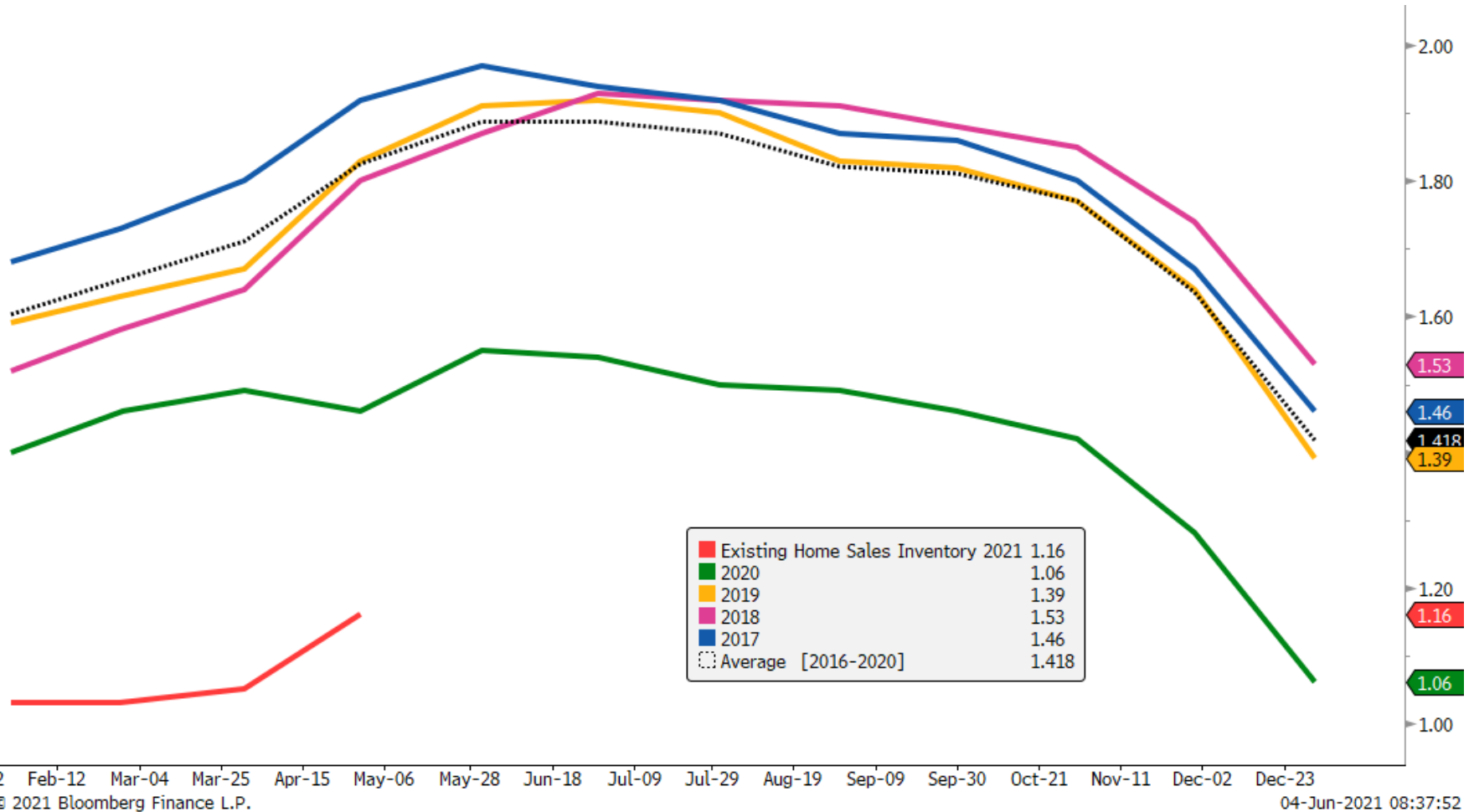
USD and Current Account and Budget Balance



Source: Bloomberg; DoubleLine

DXY = U.S. Dollar Index indicated the general international value of the USD averaging exchange rates between the USD and major world currencies. You cannot invest directly in an index.

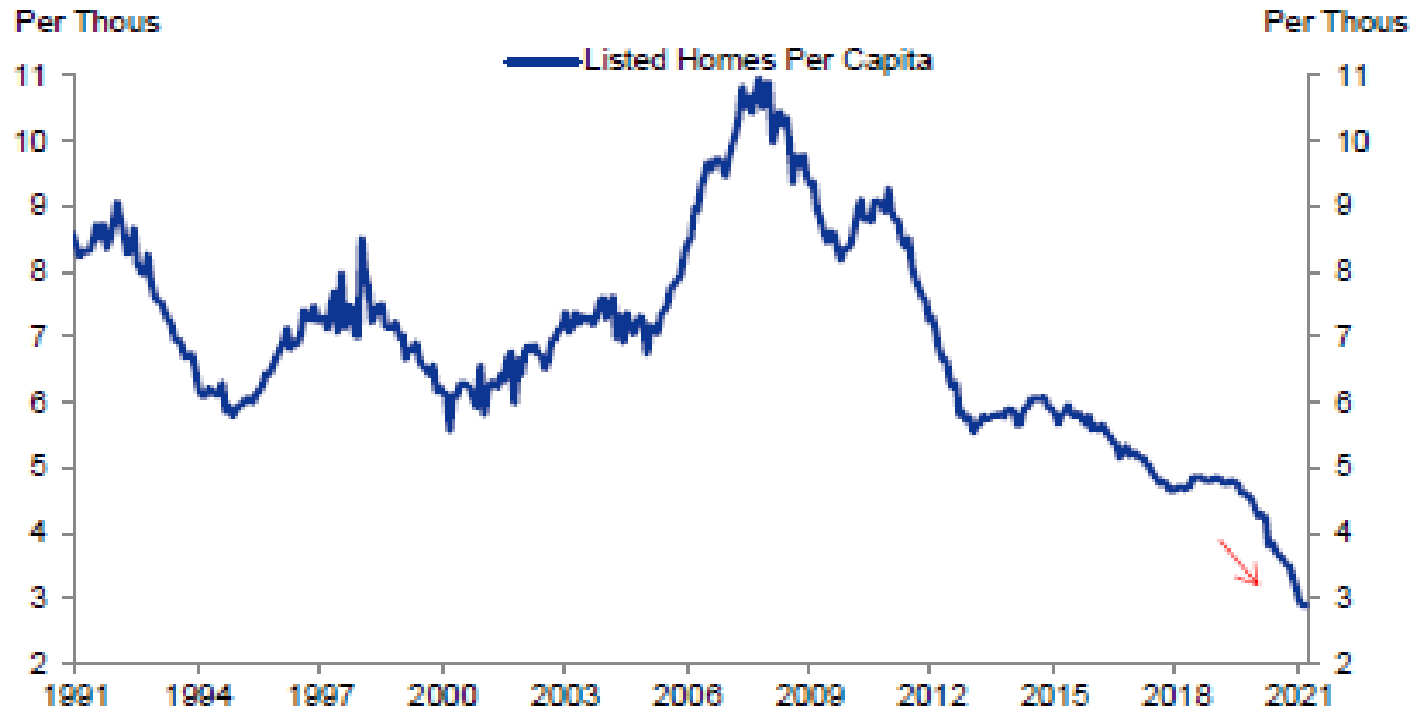
# Home Inventory Available for Sale



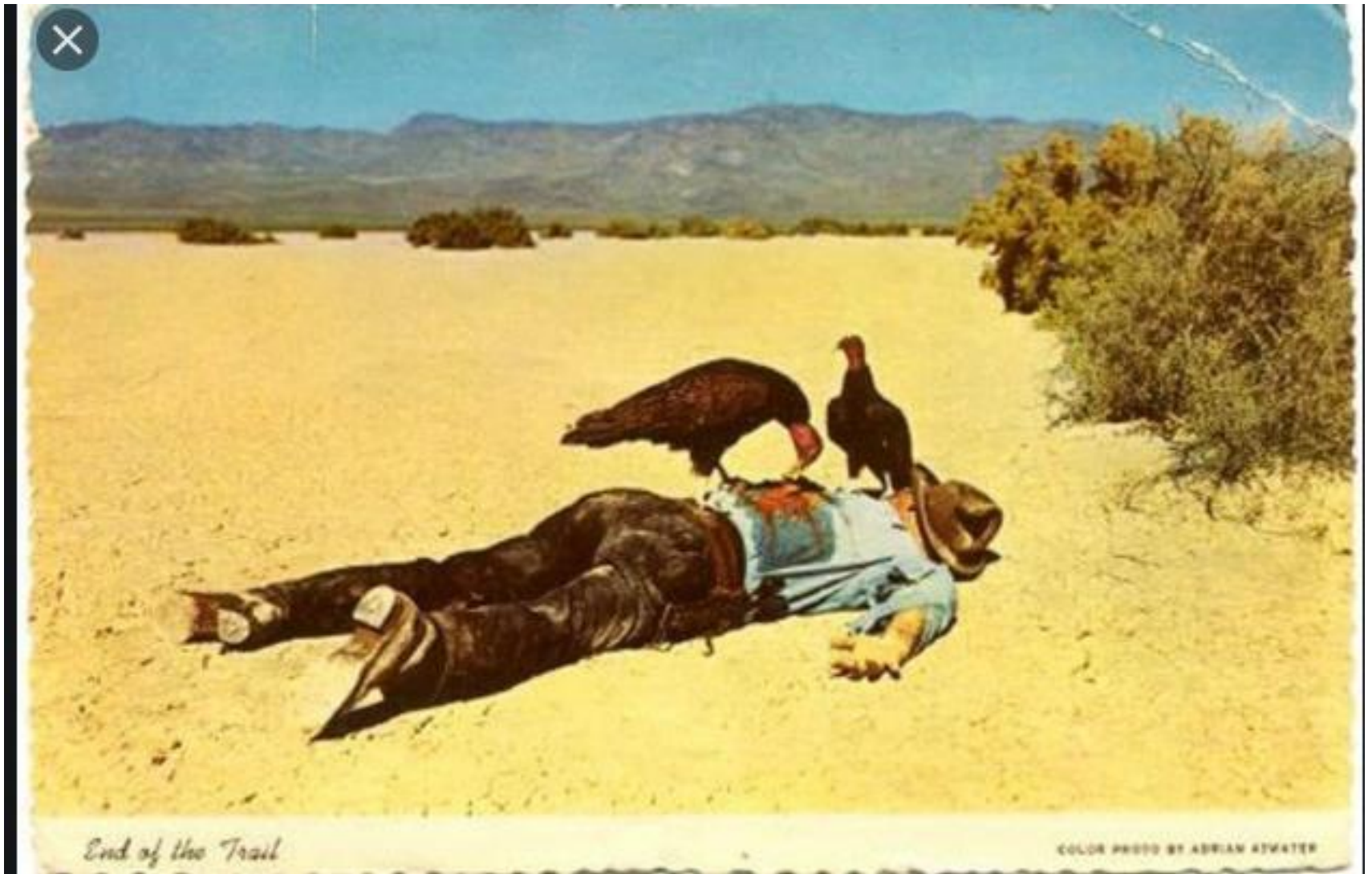
As of April 30, 2021  
Source: Bloomberg, DoubleLine

# Listed Homes For Sale per Capita

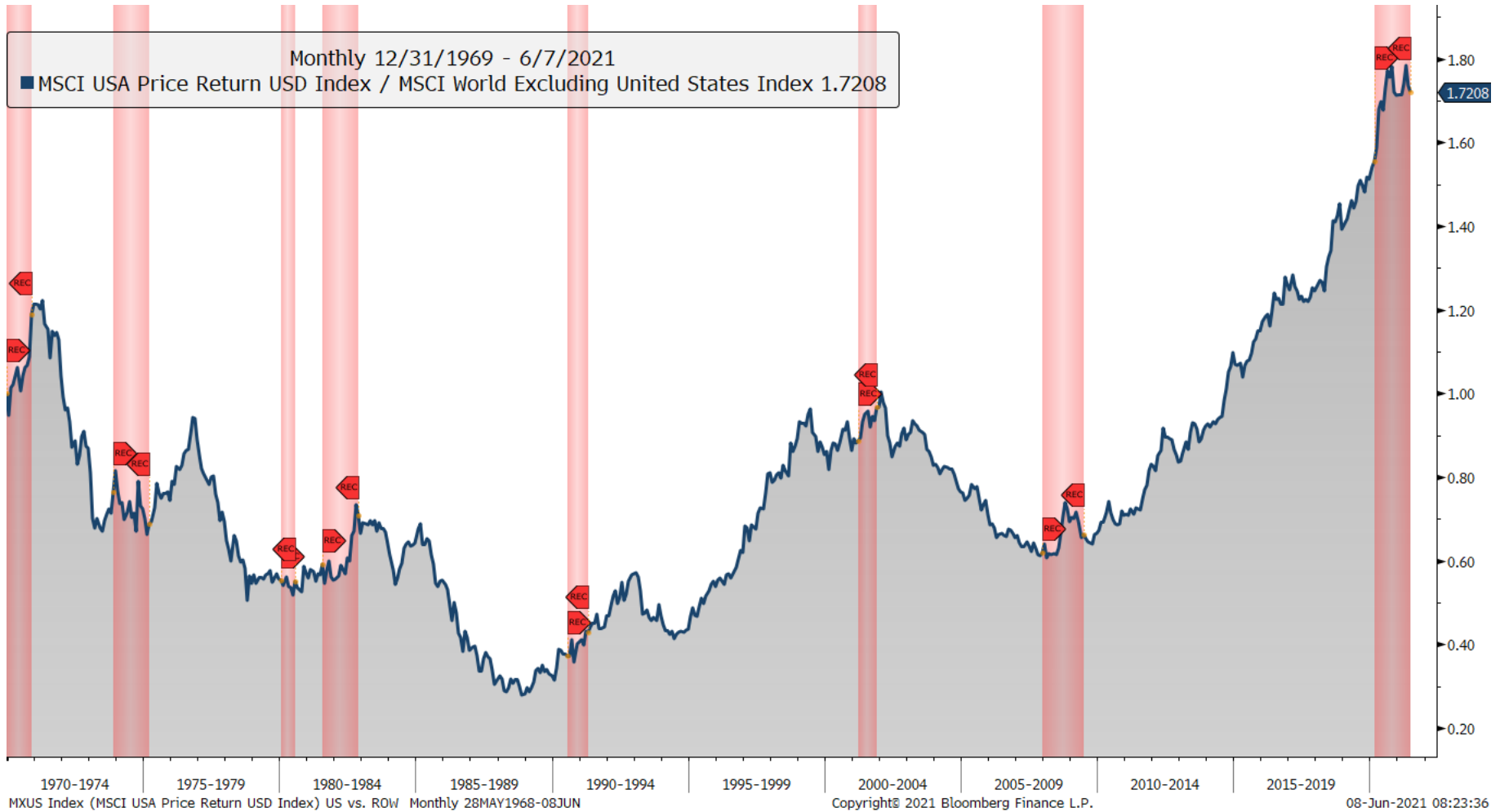
**Exhibit 16: Supply of existing homes available for sale remains tight**  
Existing single family homes listed for sale, per capita



Source: Census Bureau, NAR, Goldman Sachs Global Investment Research, As of April 30, 2021



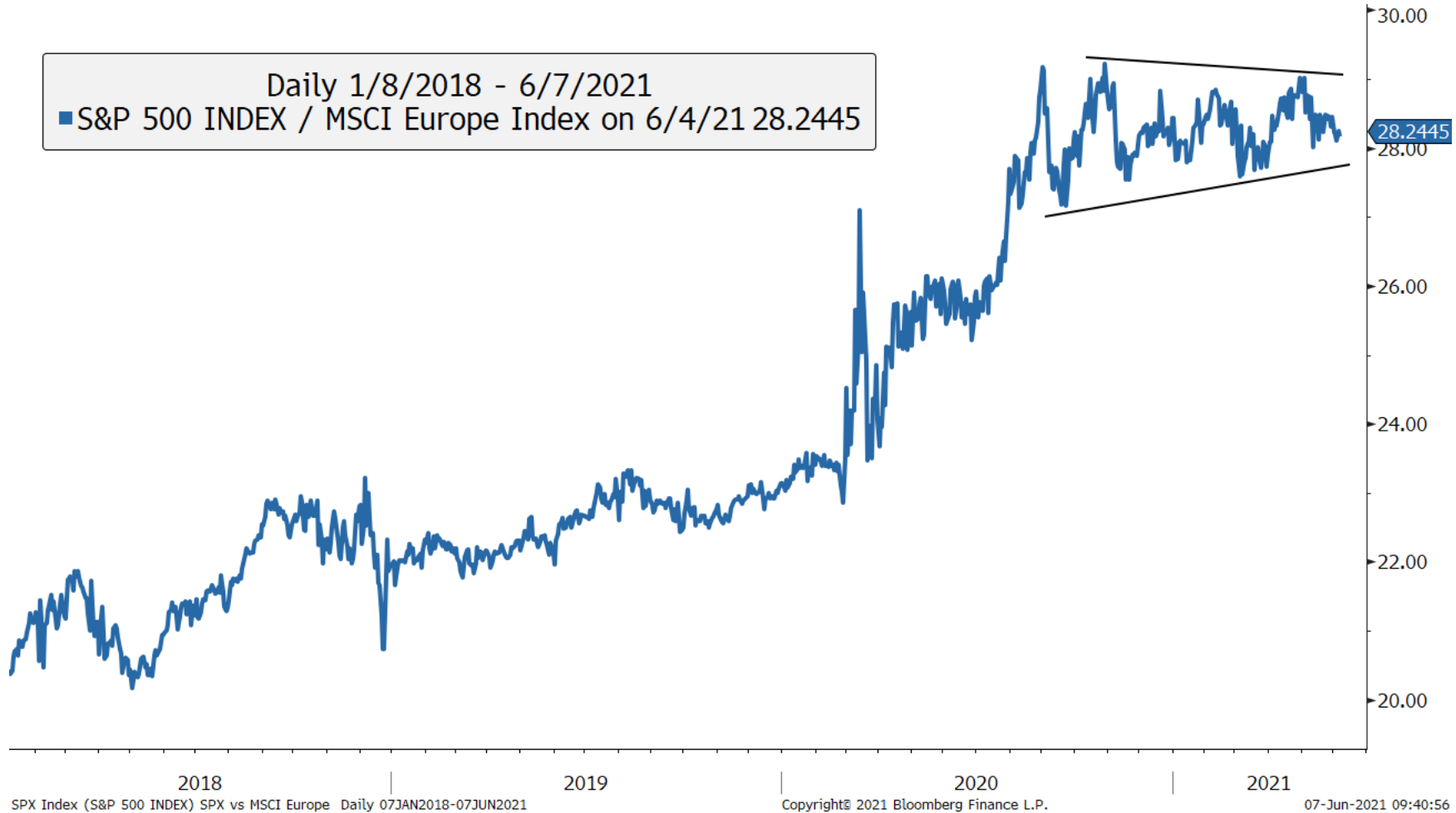
# U.S. Equity Prices vs. Rest of World



Source: Bloomberg; DoubleLine

Please see appendix for Index definitions. You cannot invest directly in an index.

# S&P 500/ MSCI Europe (3 years)

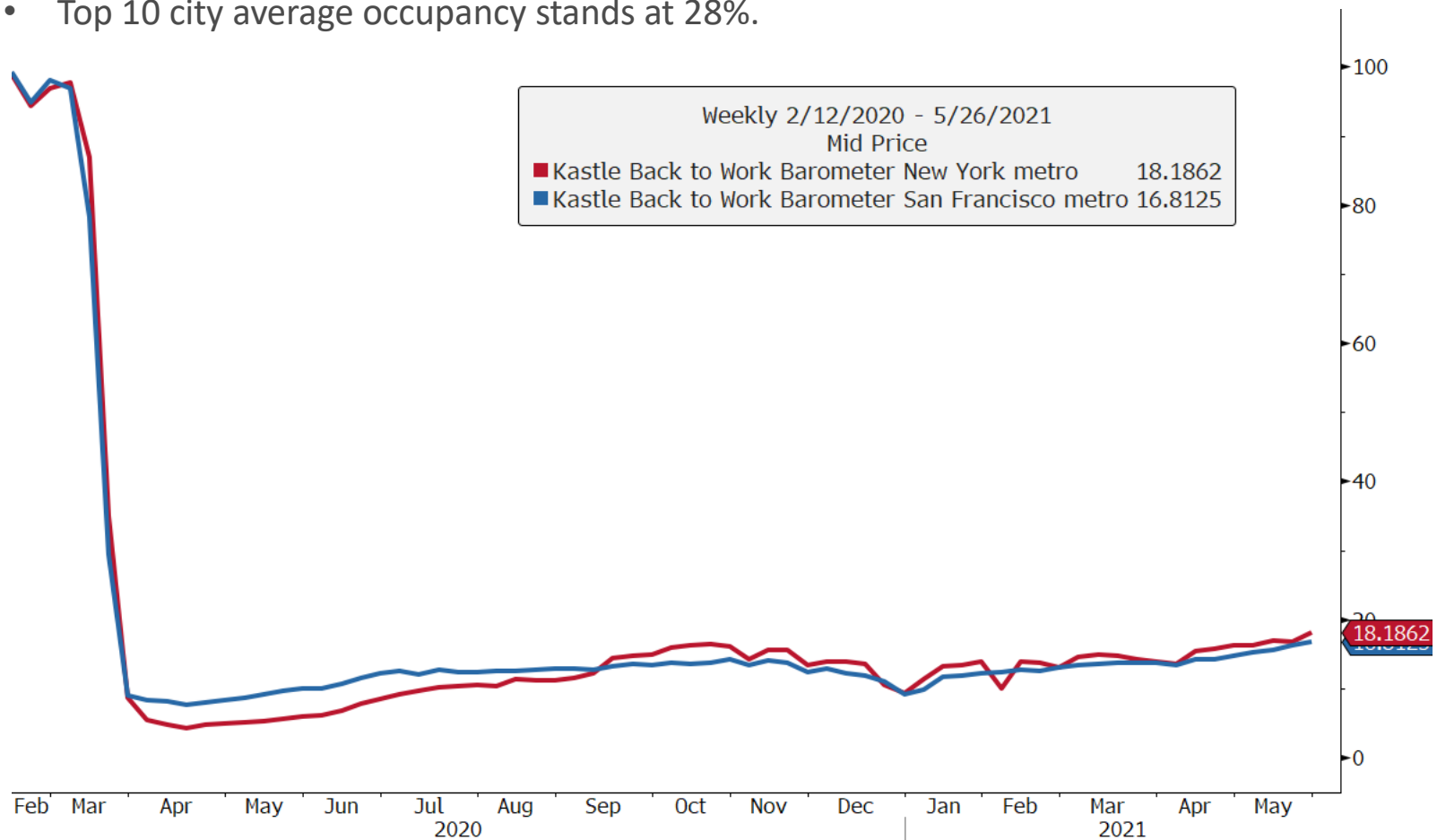


Source: Bloomberg, DoubleLine

S&P 500 is the stock market index that tracks the stocks of 500 large-cap U.S. companies. MSCI Europe Index This index is U.S. dollar denominated and represents the performance of large- and mid-cap equities across 15 developed countries in Europe. It covers approximately 85% of the free float-adjusted market capitalization in each country. You cannot invest directly in an index.

# Back to Work office Occupancy

- NY & San Francisco remain laggard (bottom of top 10 metros) in terms of back to work office occupancy.
- Top 10 city average occupancy stands at 28%.



Source: Bloomberg

# Top Five States in 2020 Losing People

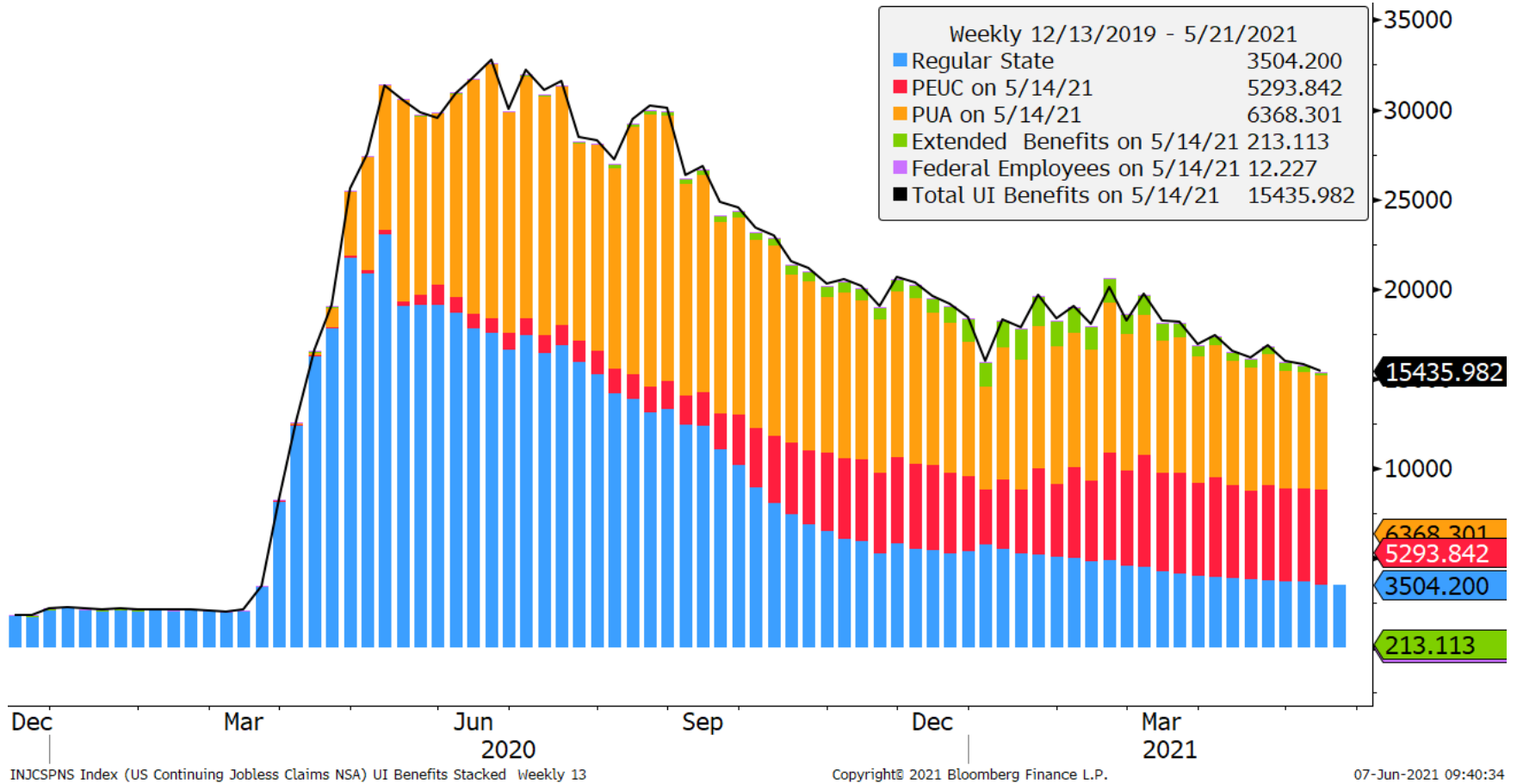
**Figure 3: Out-Migration Top Five States in 2020**

Out-Migration Rankings	States	Affordability Rankings (1 = Most Affordable)	Feb 2021 Unemployment Rate	2021 State Business Tax Climate Index Rankings (1 = Best Tax Climate)	Population Growth	CMBS and Freddie Mac UPB (\$Mn) as of March 2021	% of UPB
1	New Jersey	37	7.8%	50	-0.1%	20,417	3.1%
2	New York	36	8.9%	48	-1.2%	108,828	16.3%
3	Illinois	16	7.4%	36	-1.2%	24,475	3.7%
4	Connecticut	40	8.5%	47	-0.5%	6,280	0.9%
5	California	49	8.5%	49	0.4%	104,965	15.7%
	<b>National</b>		<b>6.2%</b>		<b>0.6%</b>	<b>667,477</b>	<b>100.0%</b>

Source: KBRA, Trepp, Tax Foundation, United Van Lines, U.S. Bureau of Labor Statistics, US News, World Population View.

UPB = Unpaid Principal Balance

# Continuing Claims for Unemployment Insurance Benefits



Source: Bloomberg; DoubleLine

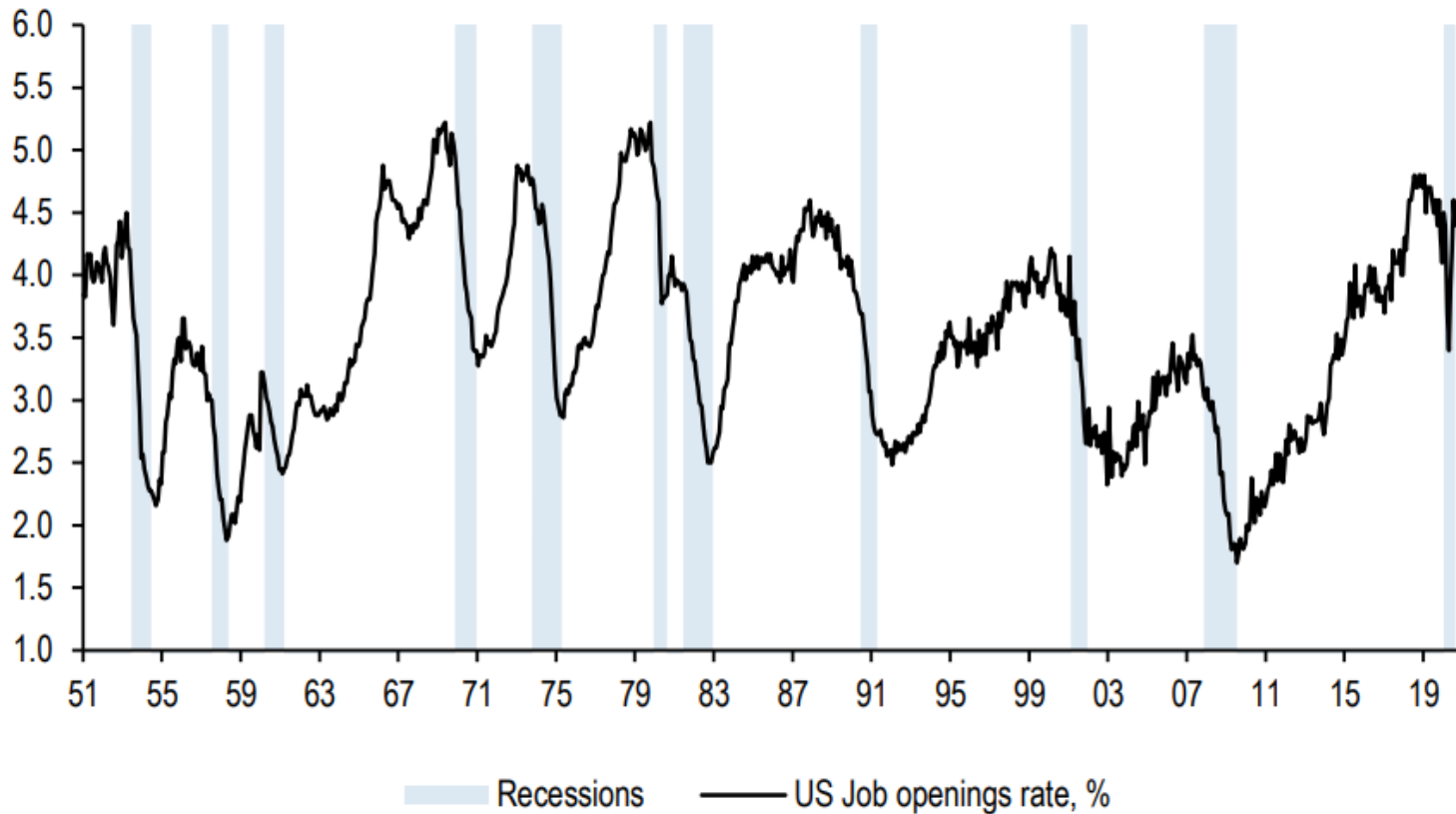
PEUC = Federal program providing 13 weeks of federally funded unemployment compensation once the 26 weeks provided by the state is exhausted.

PUA = Pandemic Unemployment Assistance benefits.

# Job Openings Rate

As of June 1, 2021

## US job vacancies rate

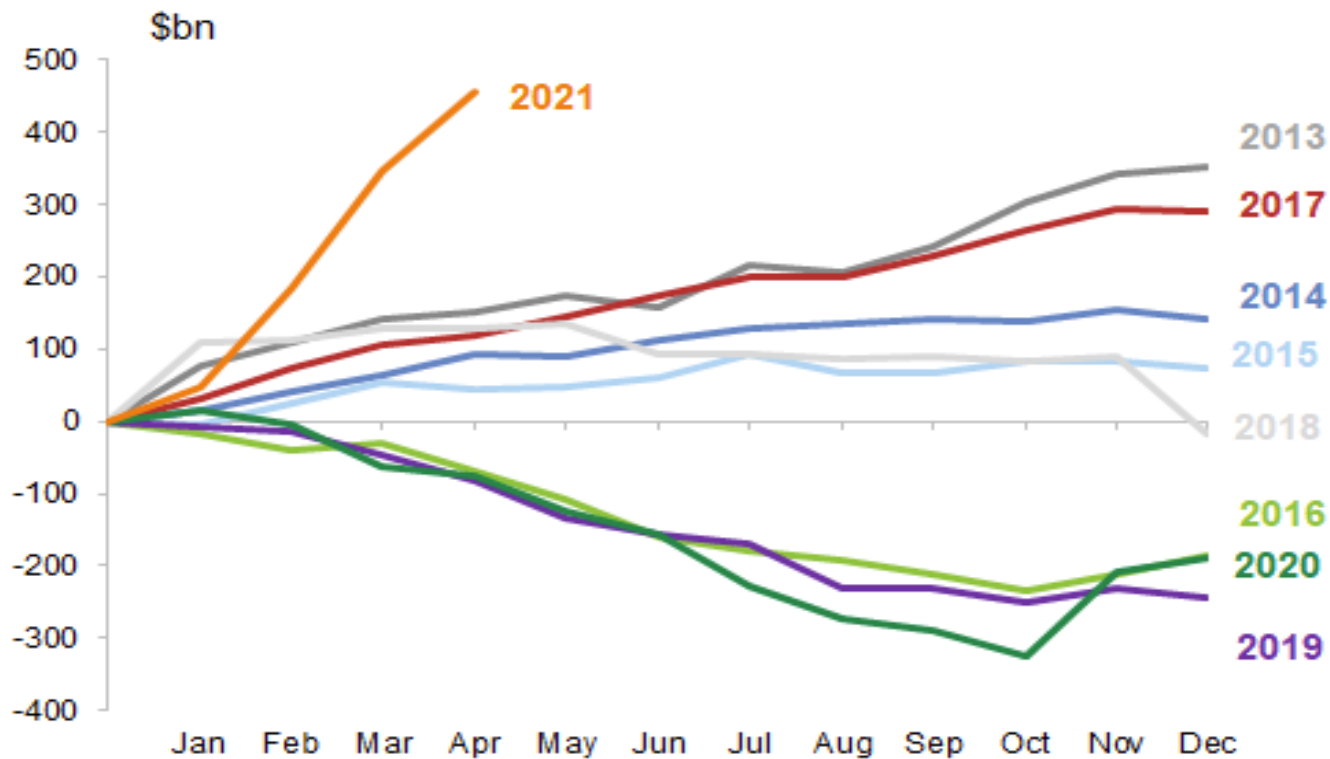


Source: Barnichon, SF Federal Reserve, JP Morgan

# The Strength of the Retail Investor

## Exhibit 43 : Calendarised flows from Global investors into DM and EM equity funds

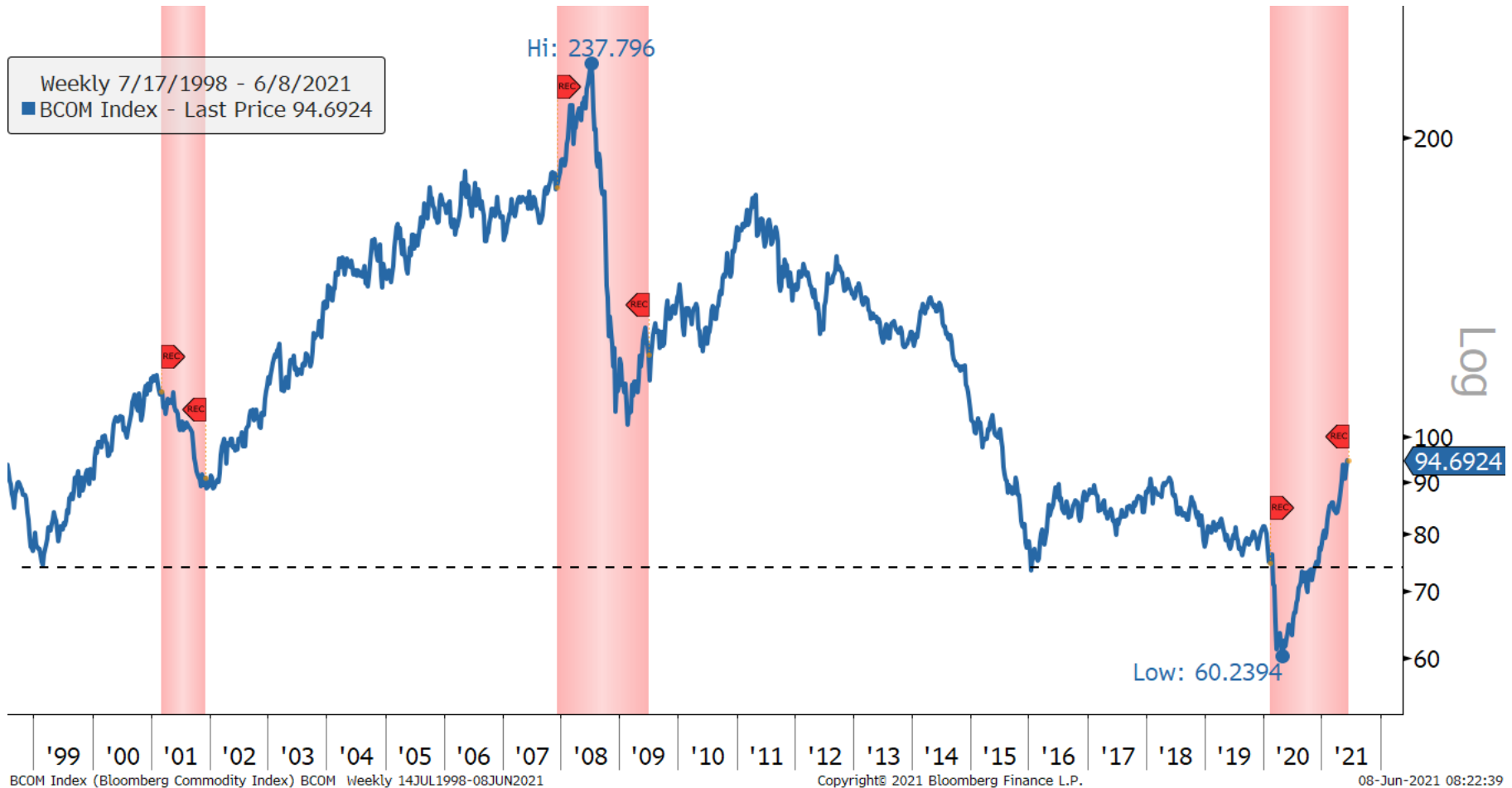
In USD bn. Last data point: Monthly data to Mar 2021. April is 6w sum to May 12th.



Source: EPFR, Goldman

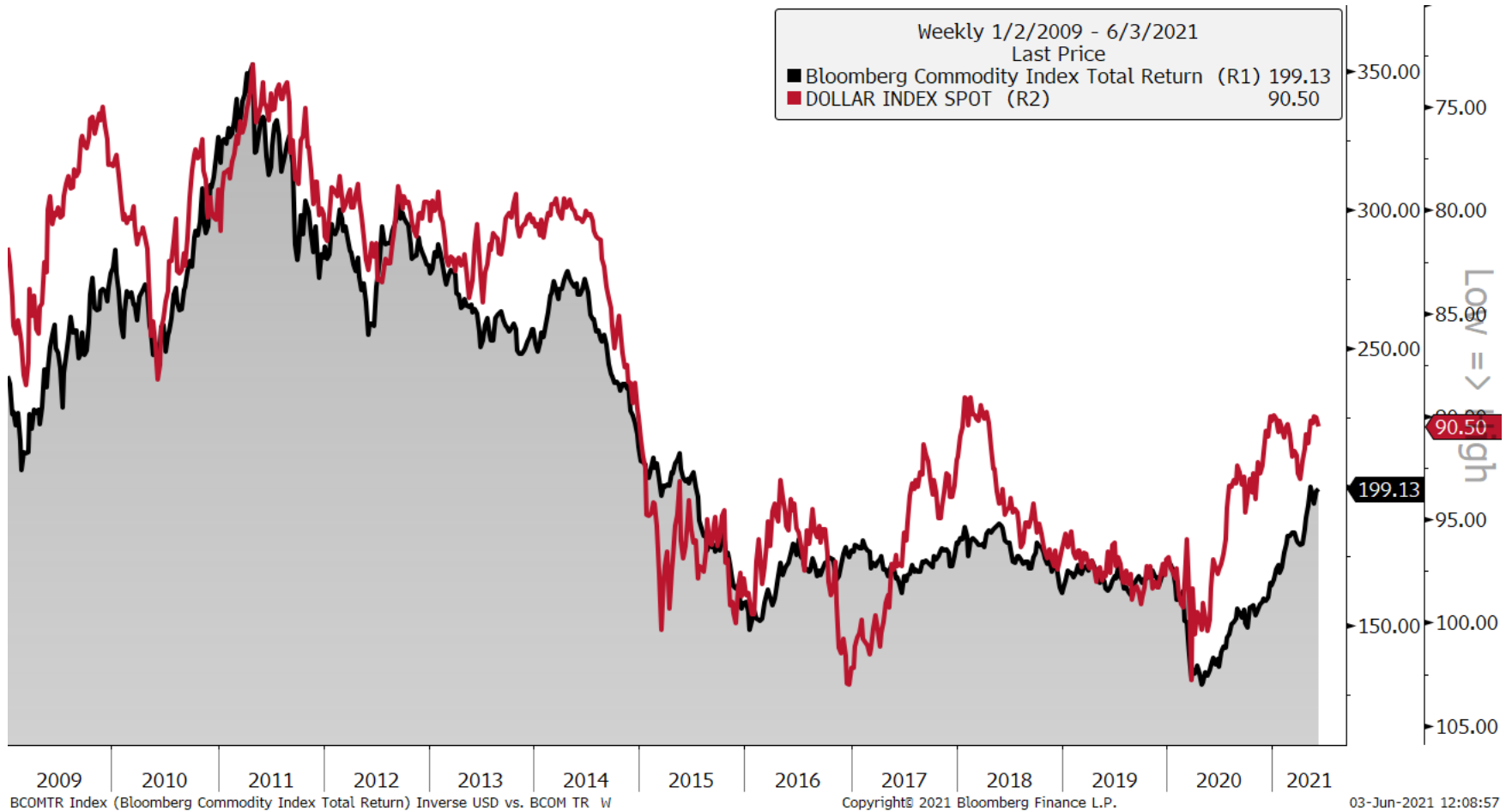
DM = Developed Markets; EM = Emerging Markets; bn = billion

# Bloomberg Commodity Index



Source: Bloomberg, DoubleLine  
 Please see appendix for index definition. You cannot invest directly in a n index.

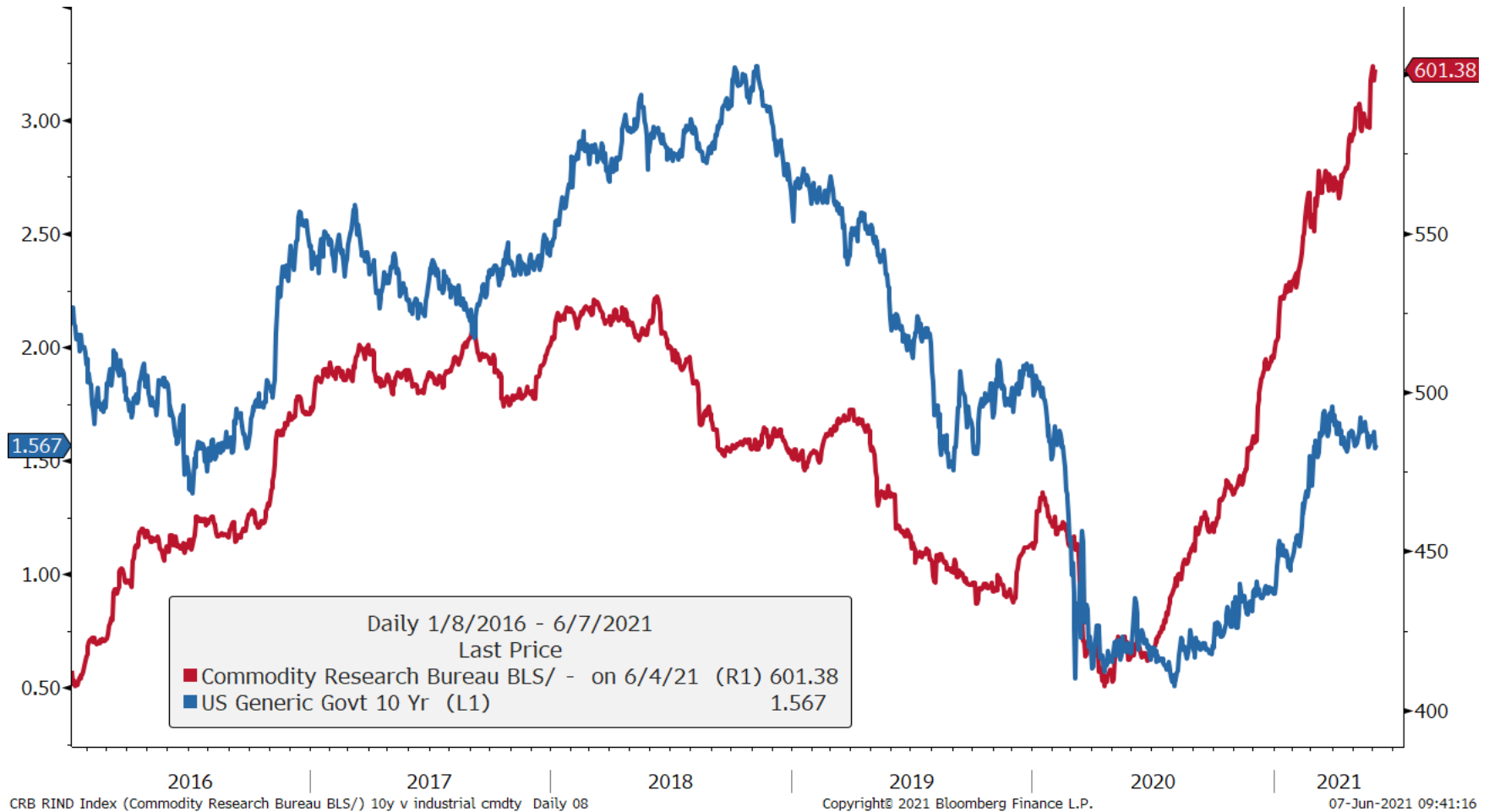
# Inverse U.S. Dollar vs. Commodities



Source: Bloomberg, DoubleLine

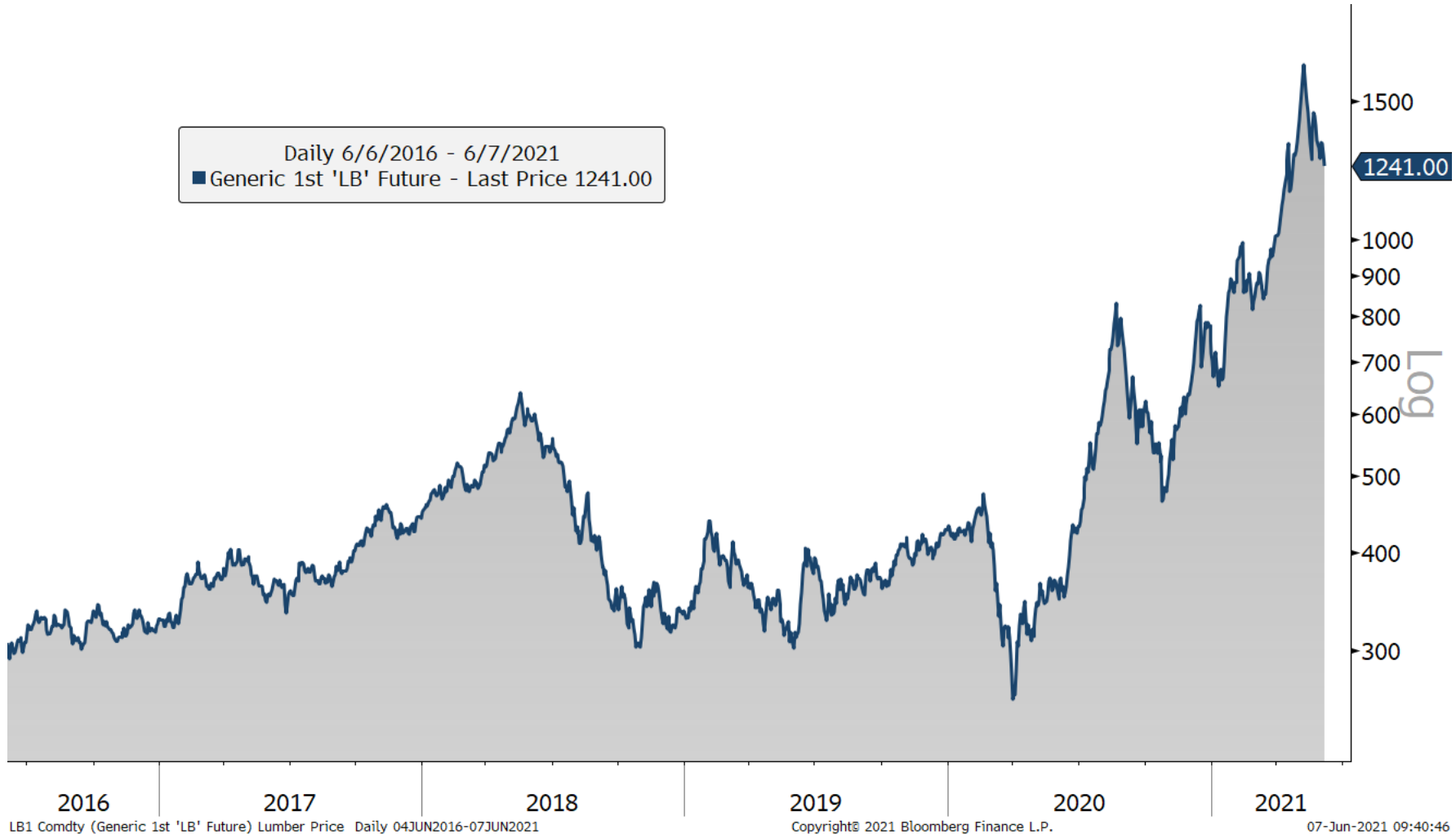
BCOM = Bloomberg Commodity Index is calculated on an excess return basis and reflects commodity futures price movements. DXY = Dollar Spot Index averaged exchange rates between US and major world currencies. You cannot invest directly in an index.

# Commodities and Interest Rates Diverge



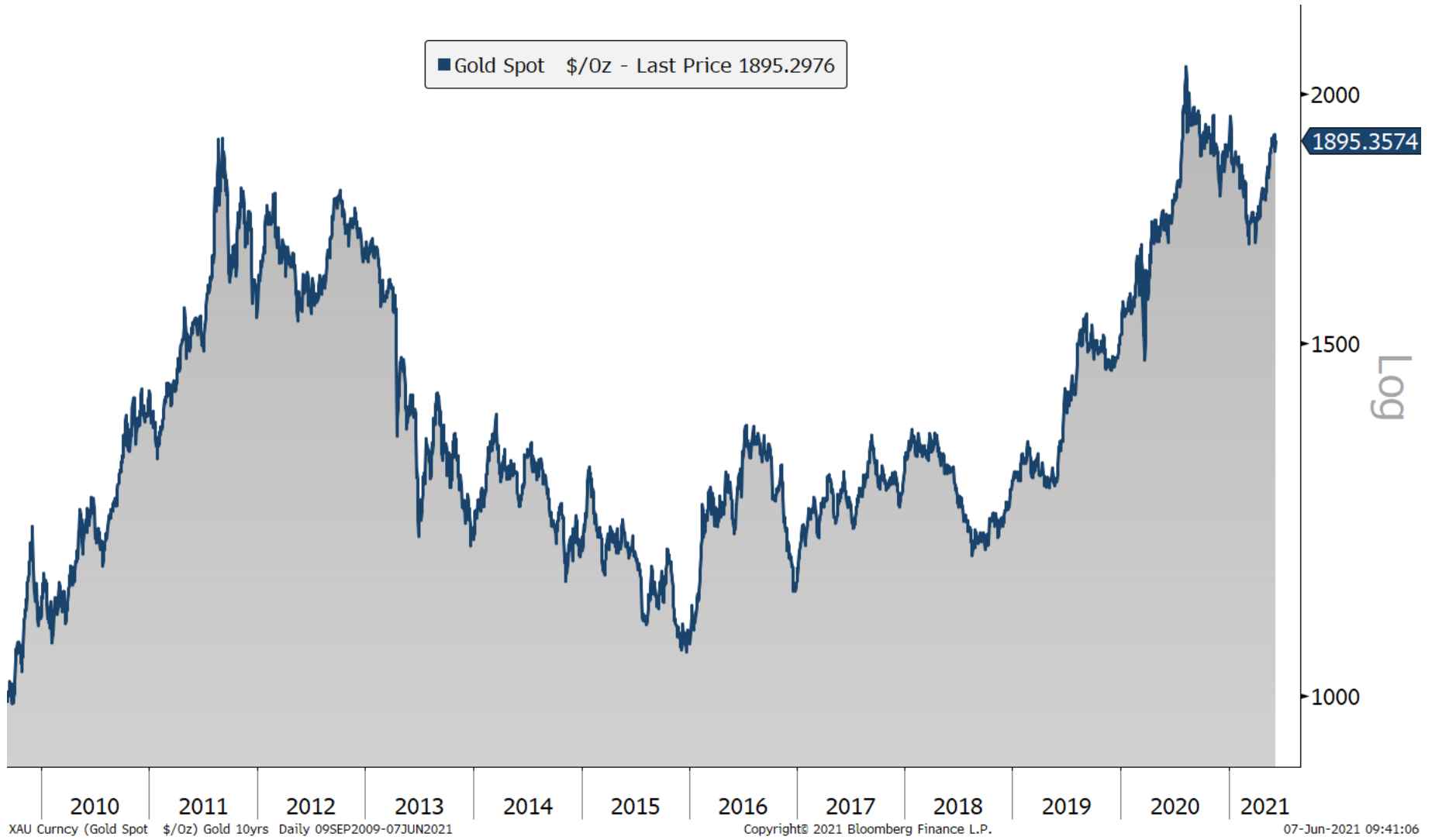
Source: Bloomberg, Bianco Research

# Lumber Futures Price



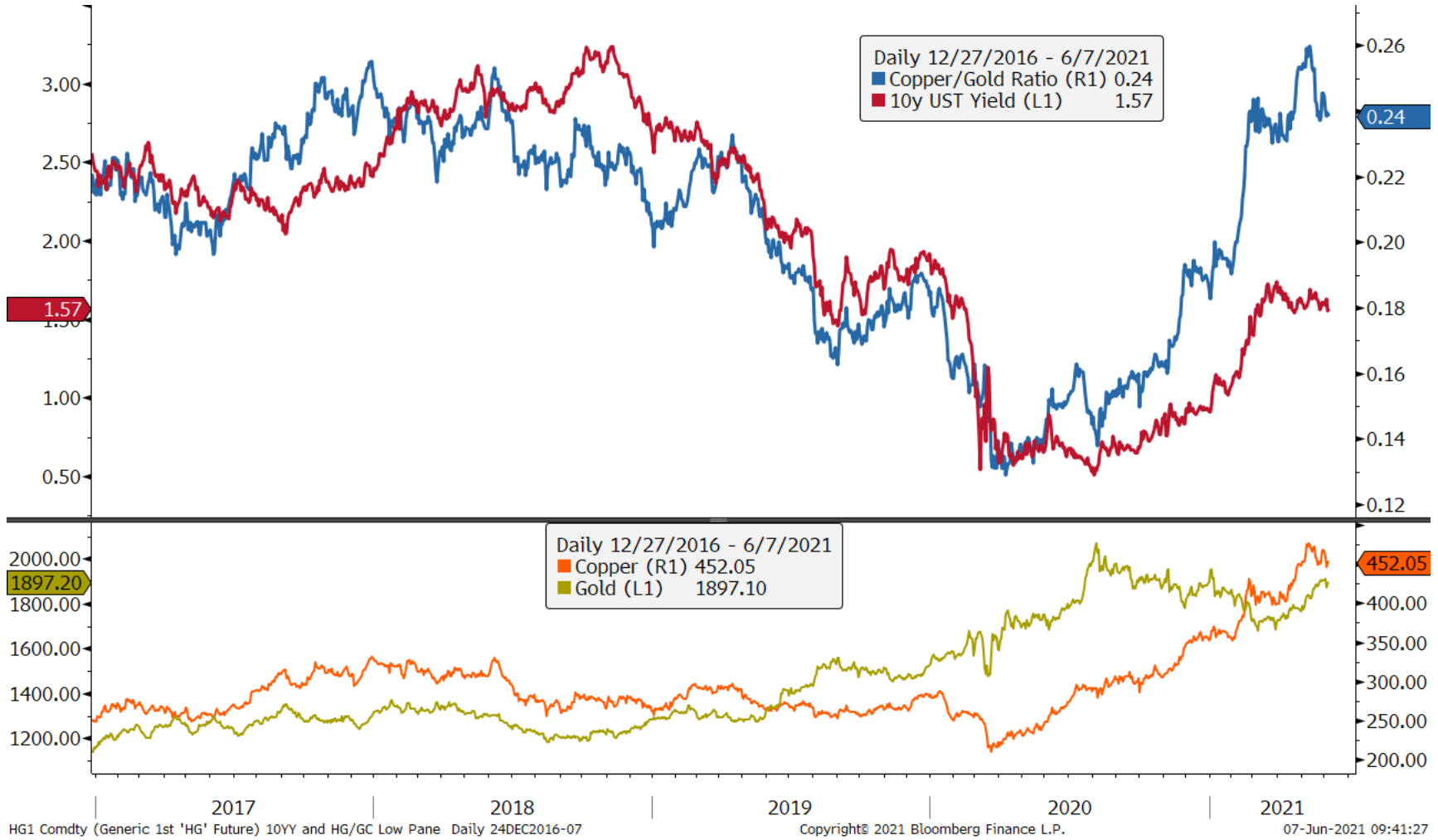
Source: Bloomberg; DoubleLine  
Please see appendix for Index definition. You cannot invest directly in an index.

# Gold Spot



Source: Bloomberg, DoubleLine

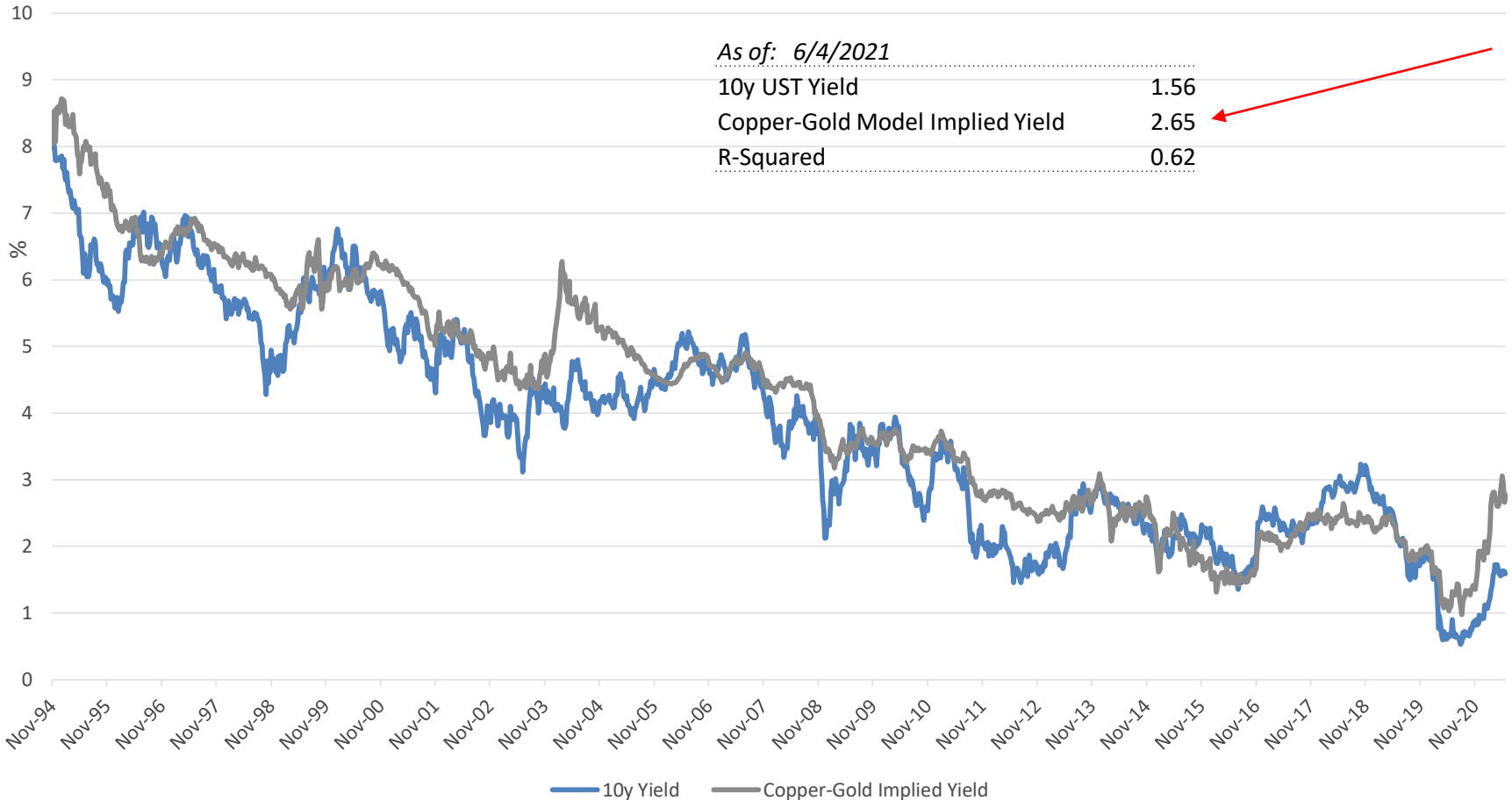
# Copper/Gold Ratio vs. UST 10-year Yield



Source: Bloomberg; DoubleLine  
 Please see appendix for Index definition. You cannot invest directly in an index.

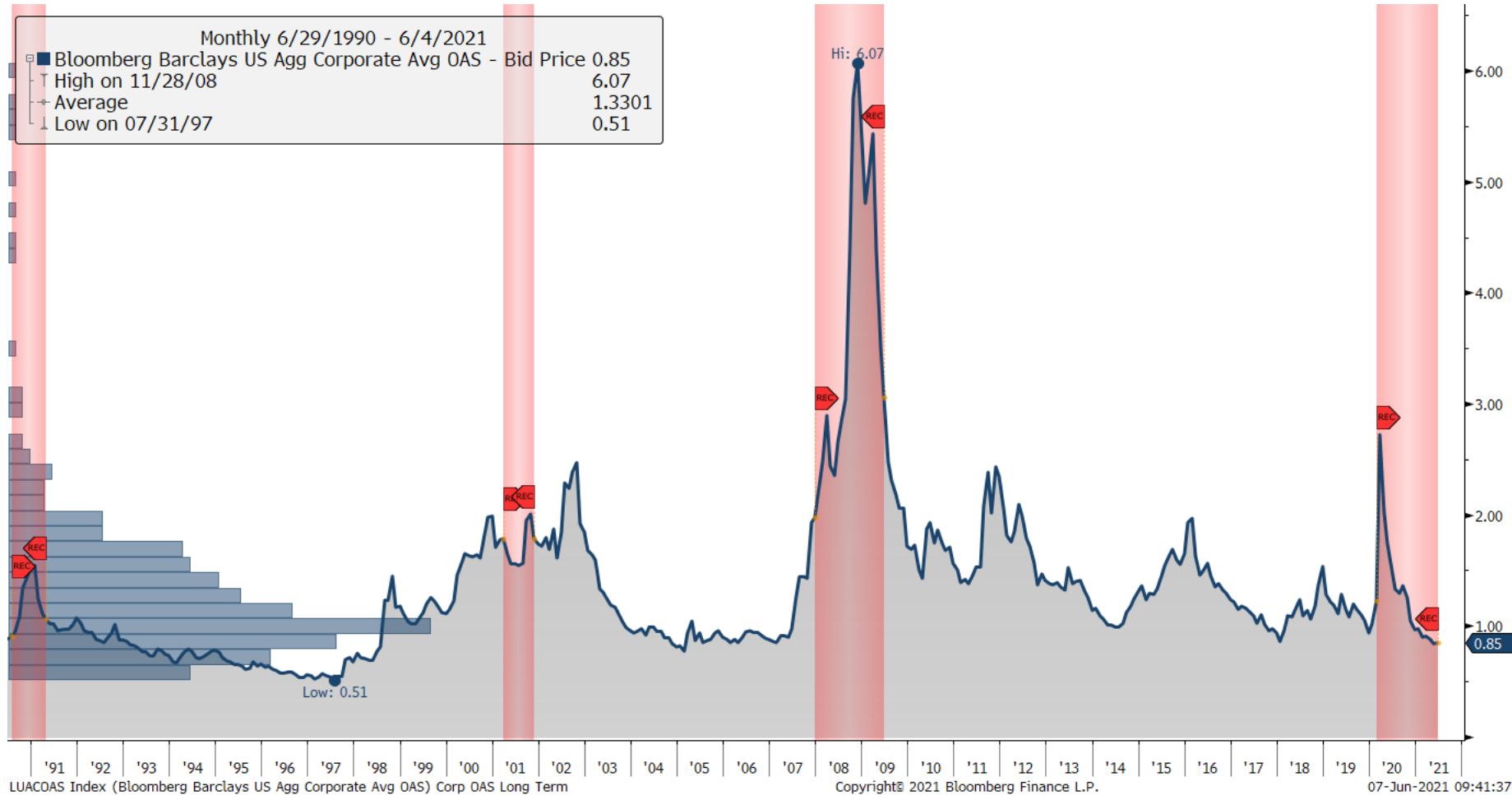
# 10-year UST Yield and Copper-Gold Model Implied Yield

**10y UST Yield and Copper-Gold Model Implied Yield**  
 (model based on 5y rolling regression of copper-gold ratio on 10y UST yield)



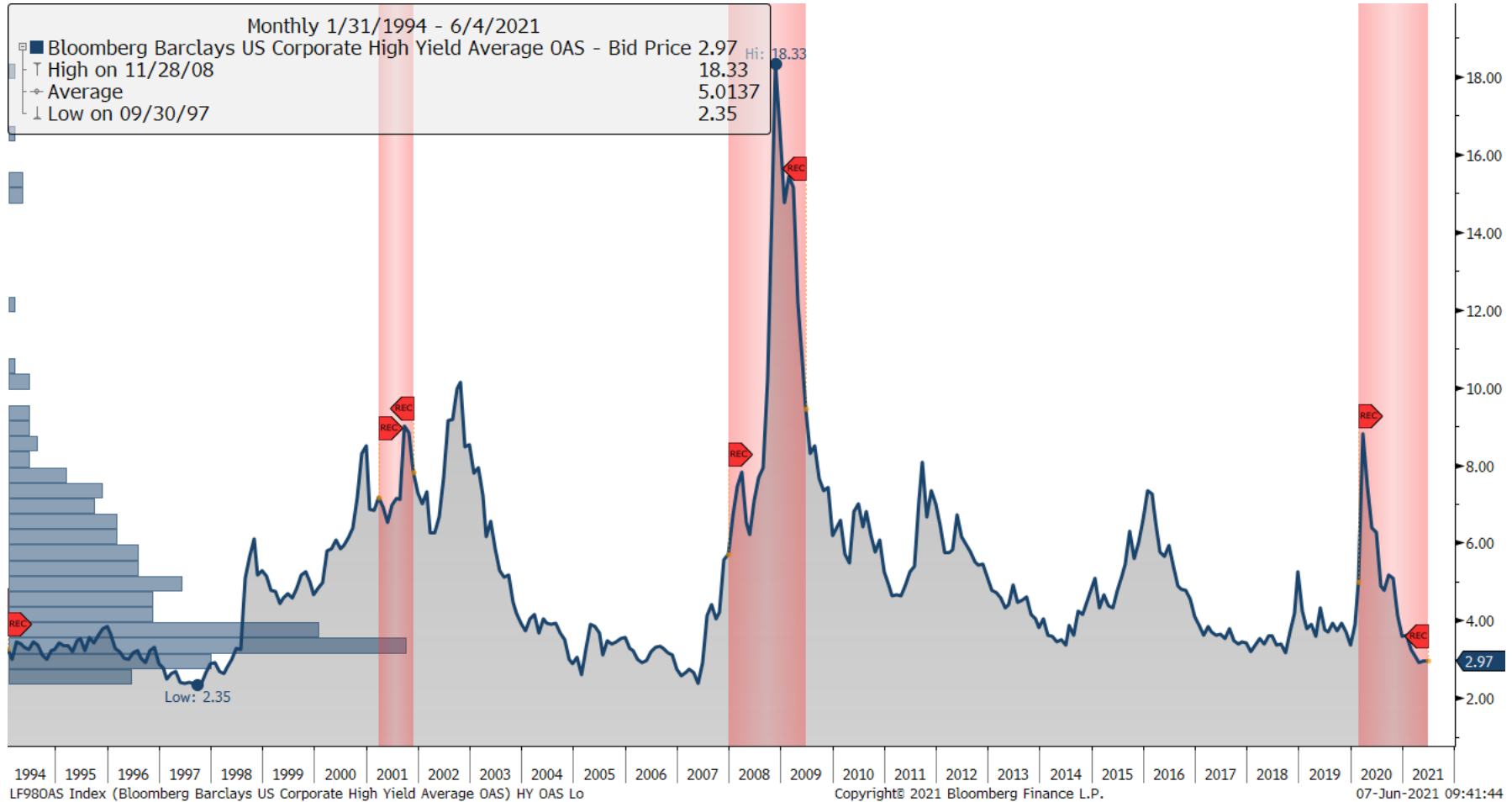
Source: Bloomberg; DoubleLine

# U.S. Corporate Investment Grade Option Adjusted Spreads



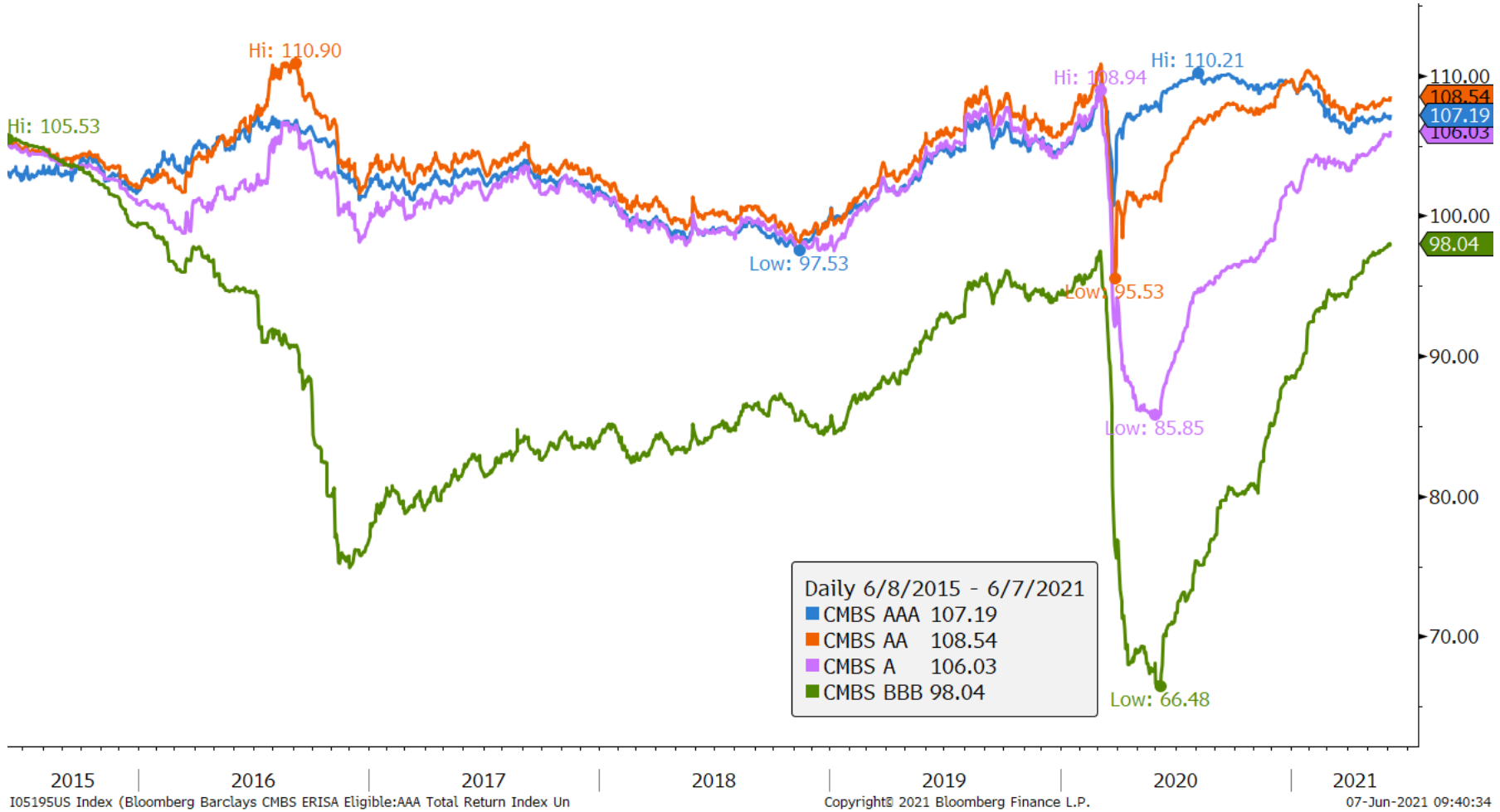
Source: Bloomberg; DoubleLine  
 Please see appendix for Index definition. You cannot invest directly in an index.

# U.S. Corporate High Yield Option Adjusted Spreads



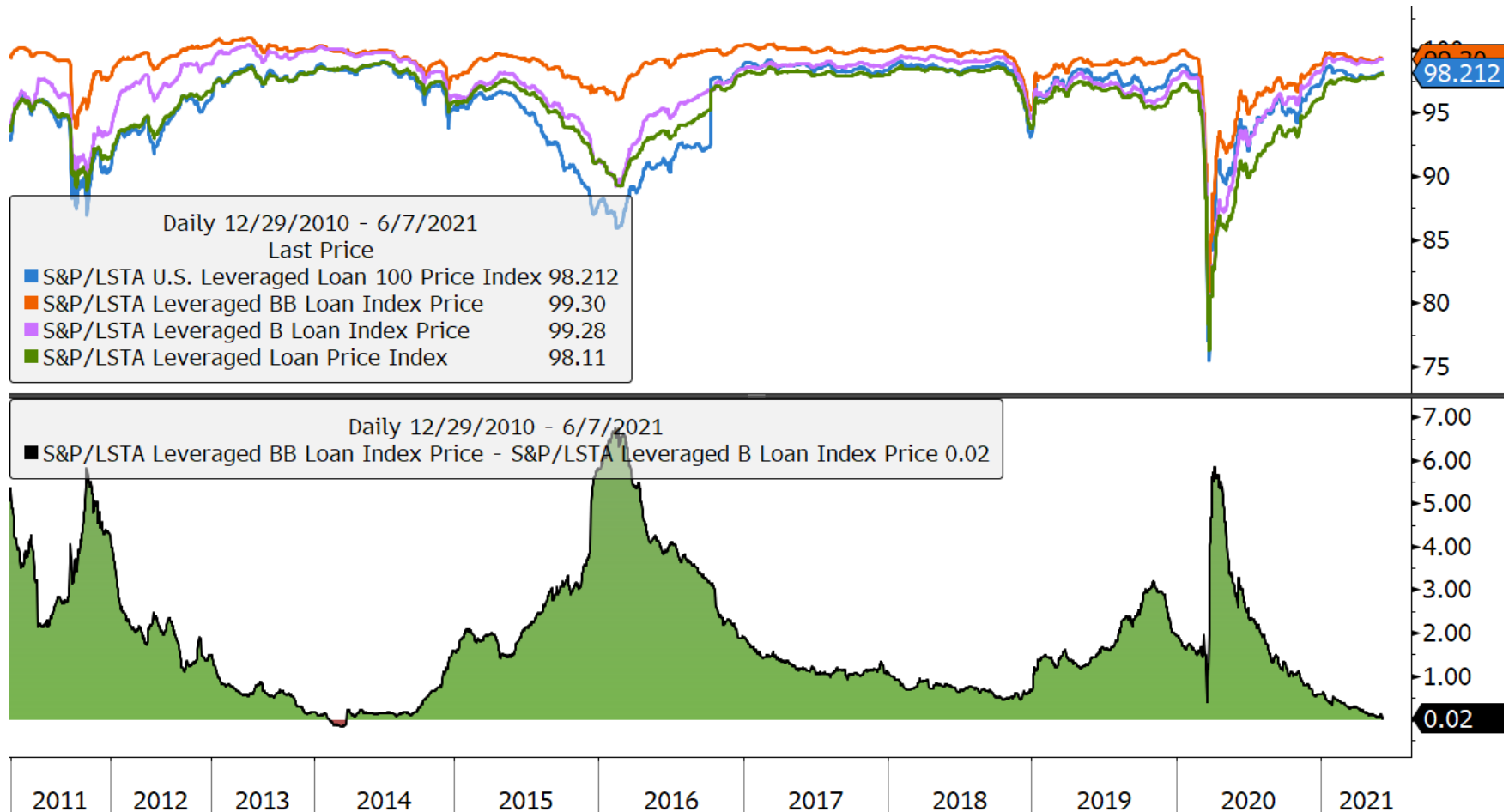
Source: Bloomberg; DoubleLine  
 Please see appendix for Index definition. You cannot invest directly in an index.

# Non-Agency CMBS Price by Rating (Barclays CMBS Indices)

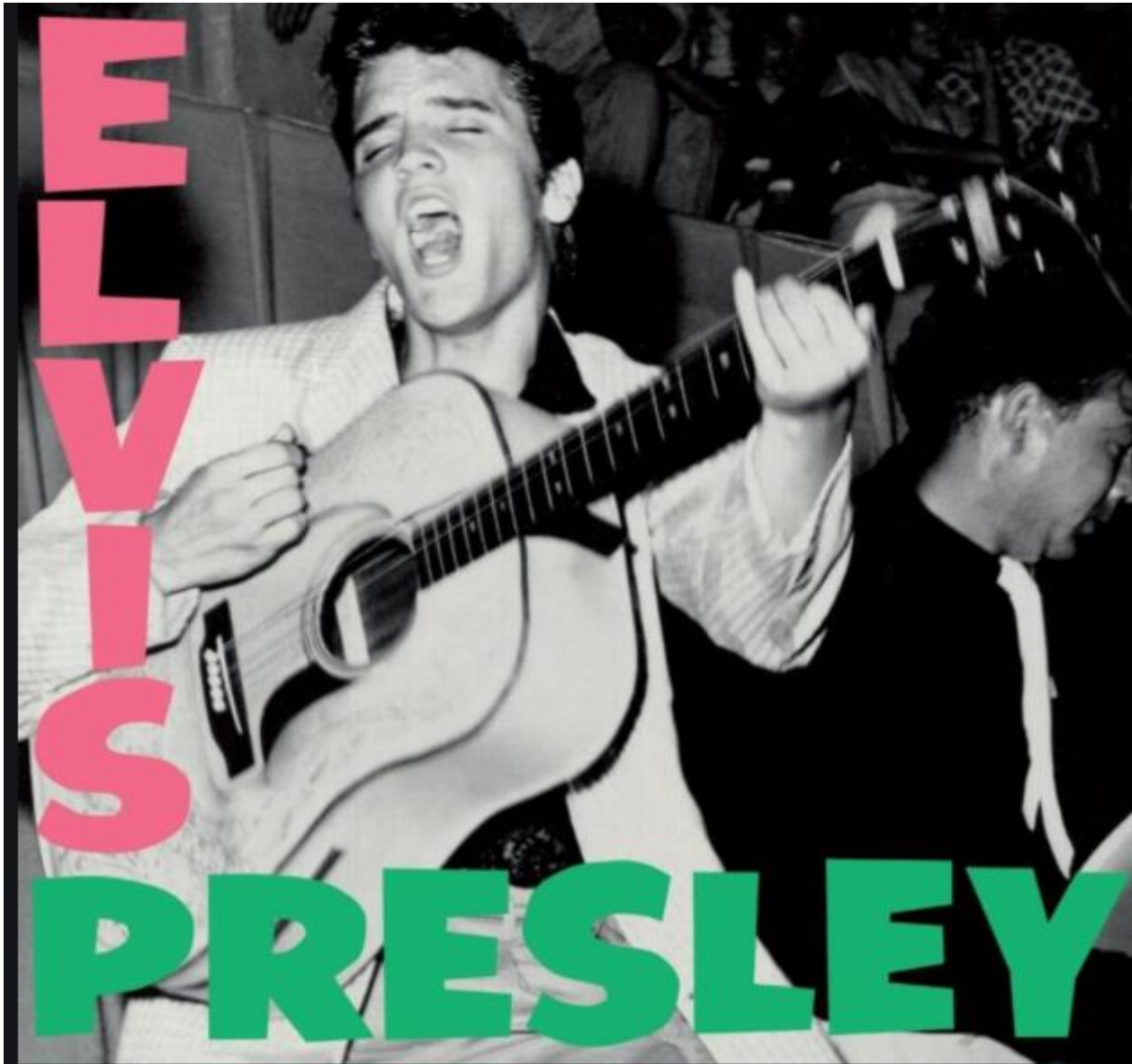


Source: Bloomberg; DoubleLine  
Please see appendix for Bloomberg Barclays CMBS Index definition. You cannot invest directly in an index.

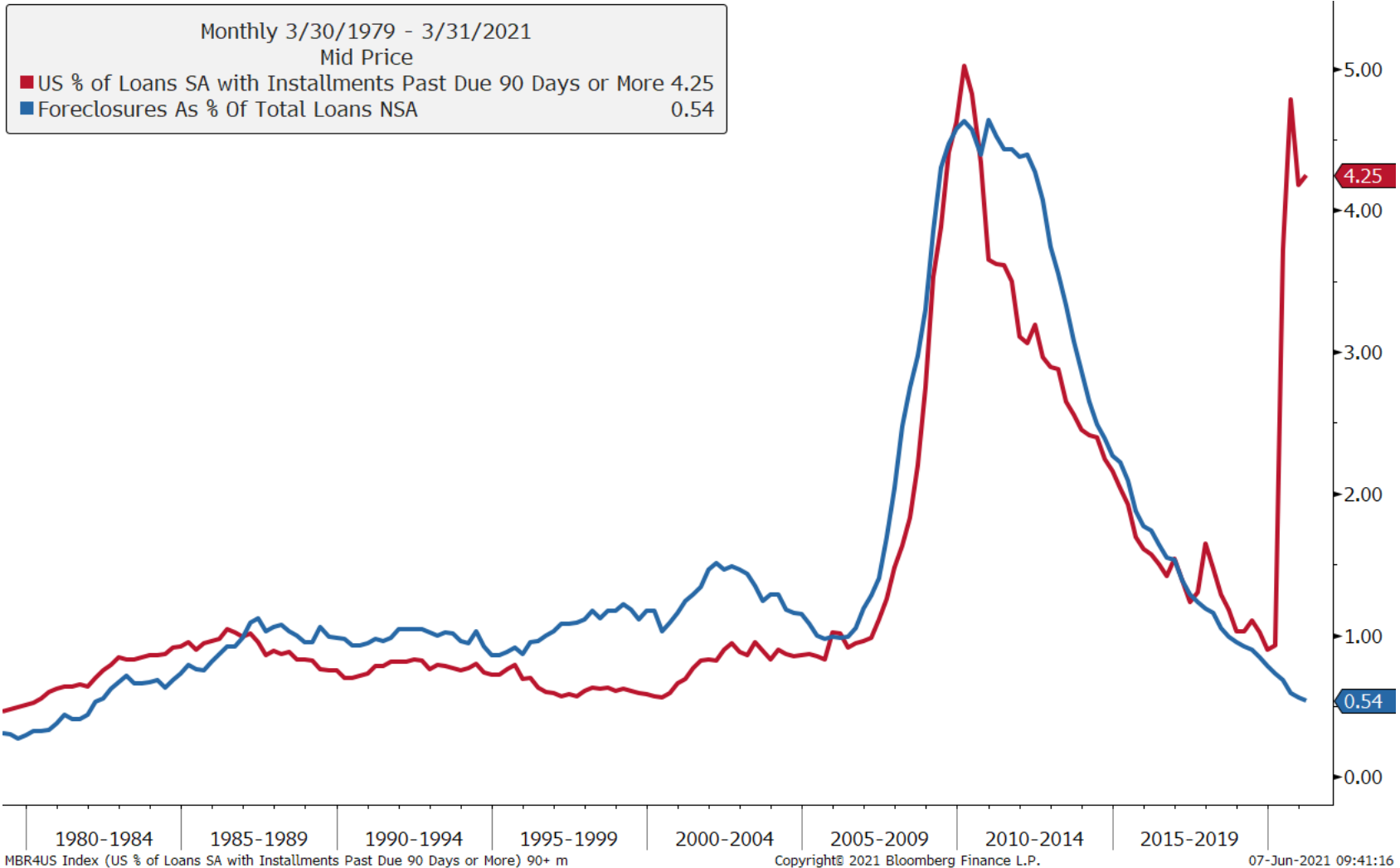
# S&P/LSTA Leveraged Loan Prices



Source: Bloomberg  
Please see appendix for index definitions. You cannot invest directly in an index.



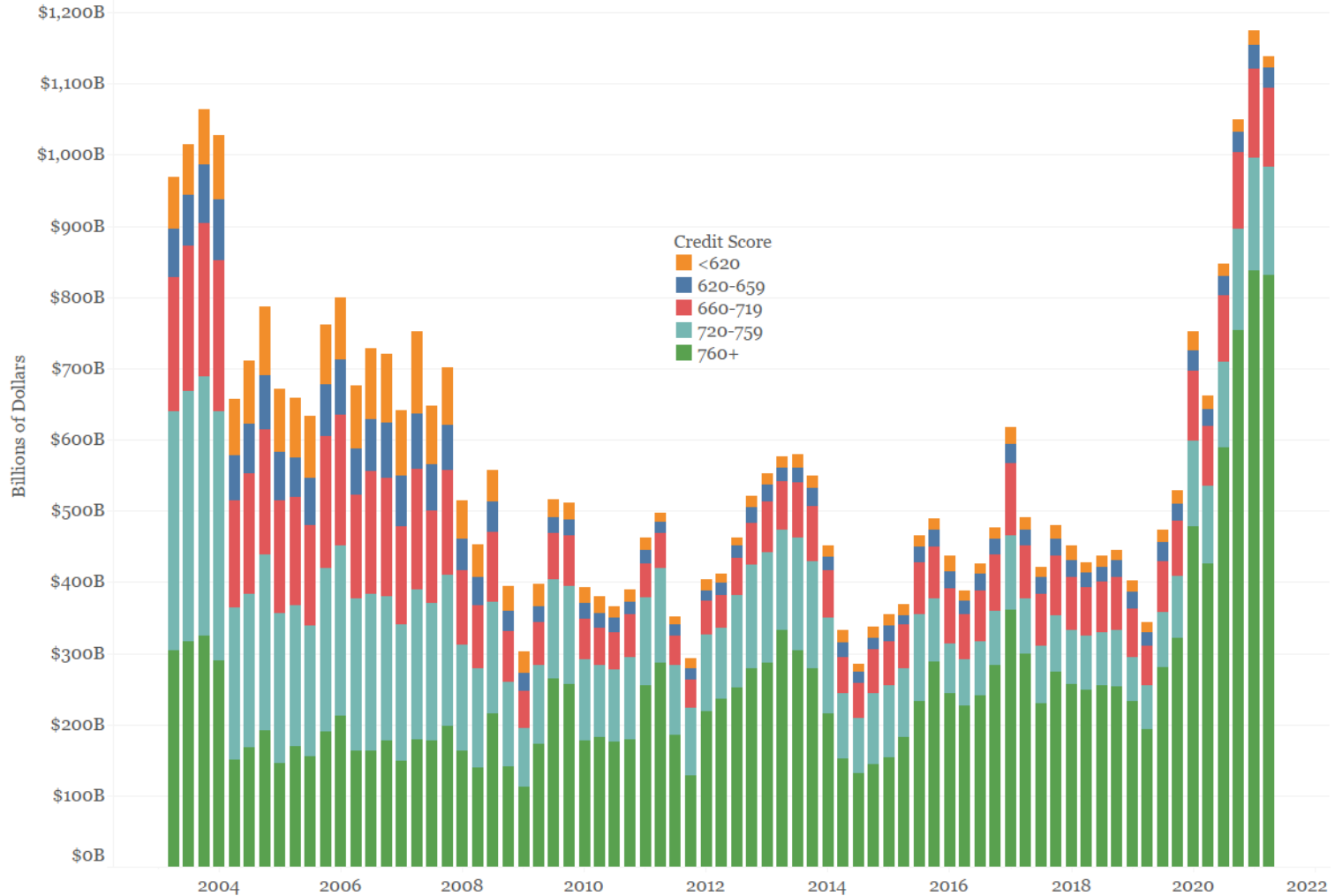
# 90+ Day Mortgage Delinquency vs. Foreclosures



Source: Bloomberg, DoubleLine  
NSA = Not Seasonally Adjusted

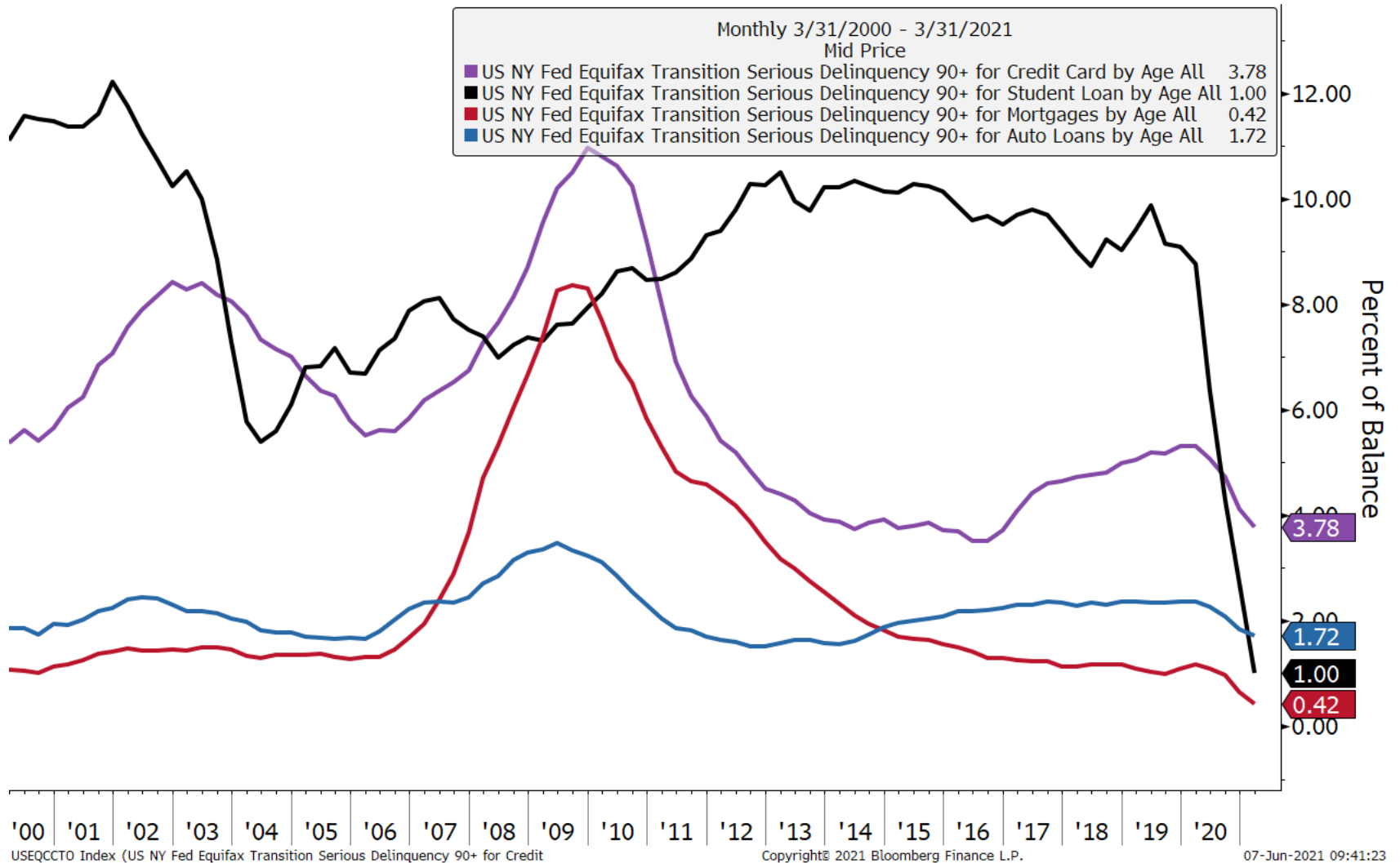
# Mortgage Origination By Credit Score

Mortgage Origination By Credit Score



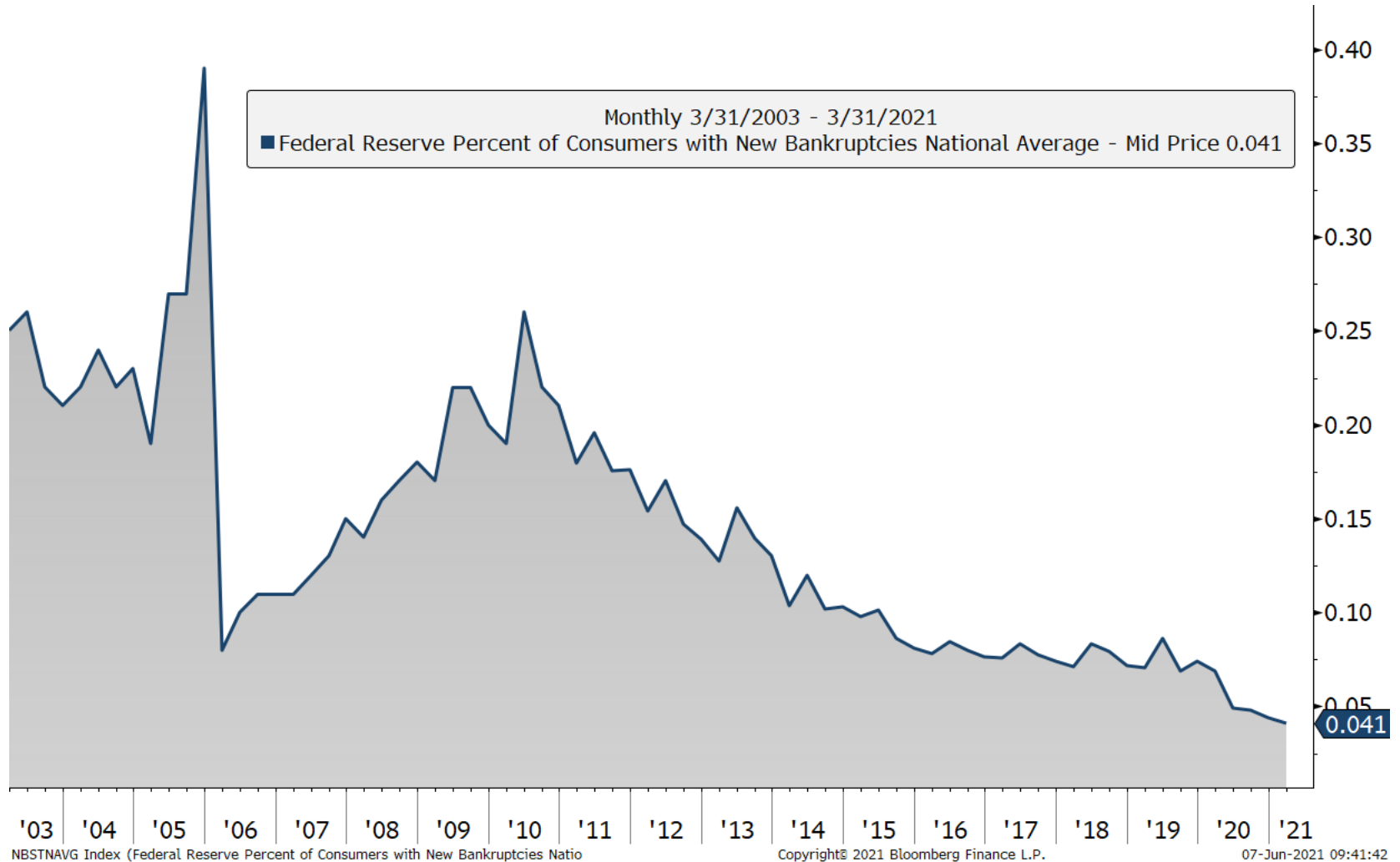
Source: New York Federal Reserve, Bianco Research

# Transition Into Serious Delinquency (90+) by Loan Type



Source: Bloomberg, DoubleLine

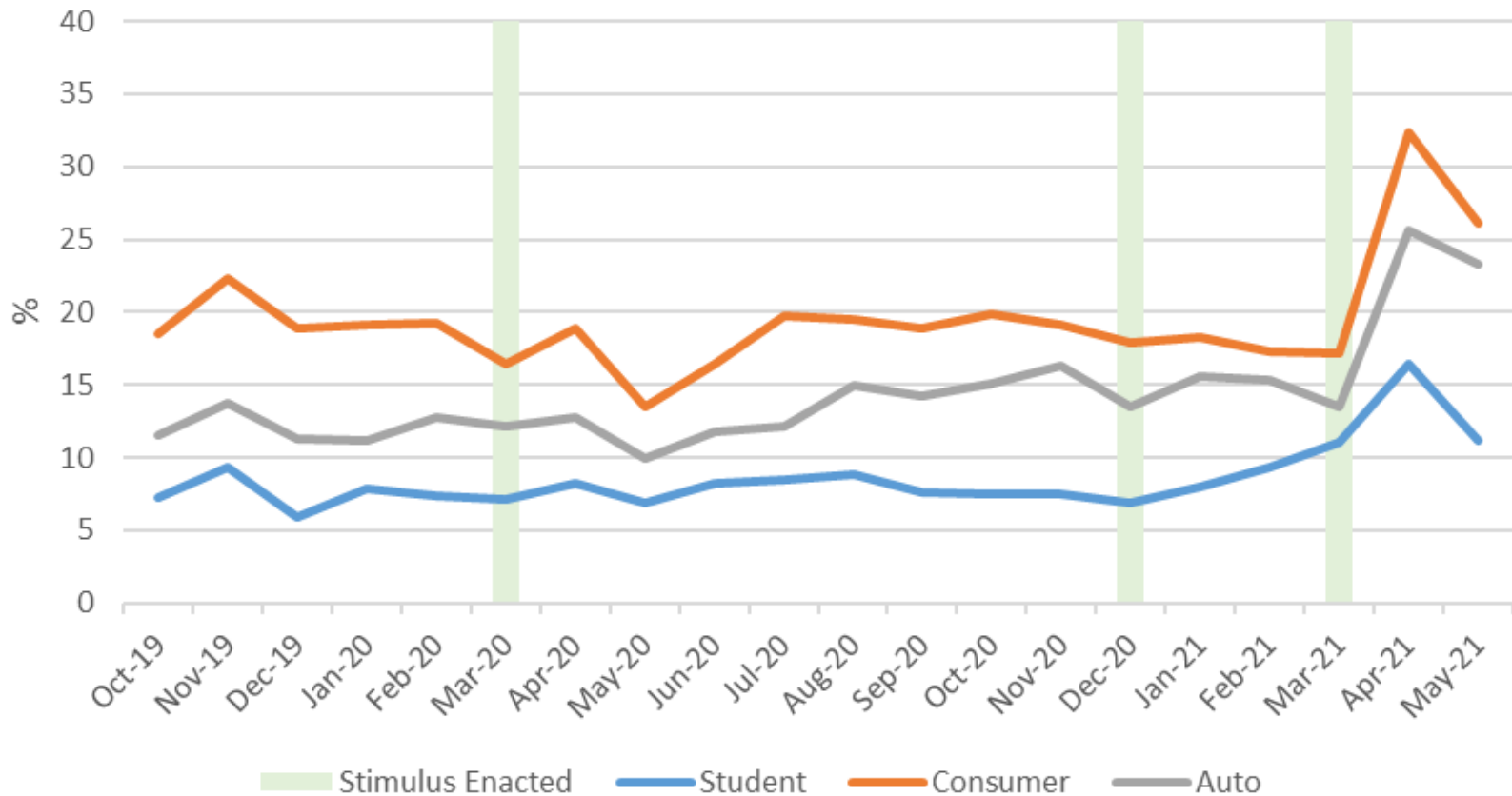
# Percentage of Consumers with New Bankruptcies



Source: Bloomberg, DoubleLine

# Latest Stimulus Payments Coincides with Consumer Prepays

## Monthly Voluntary Prepayment



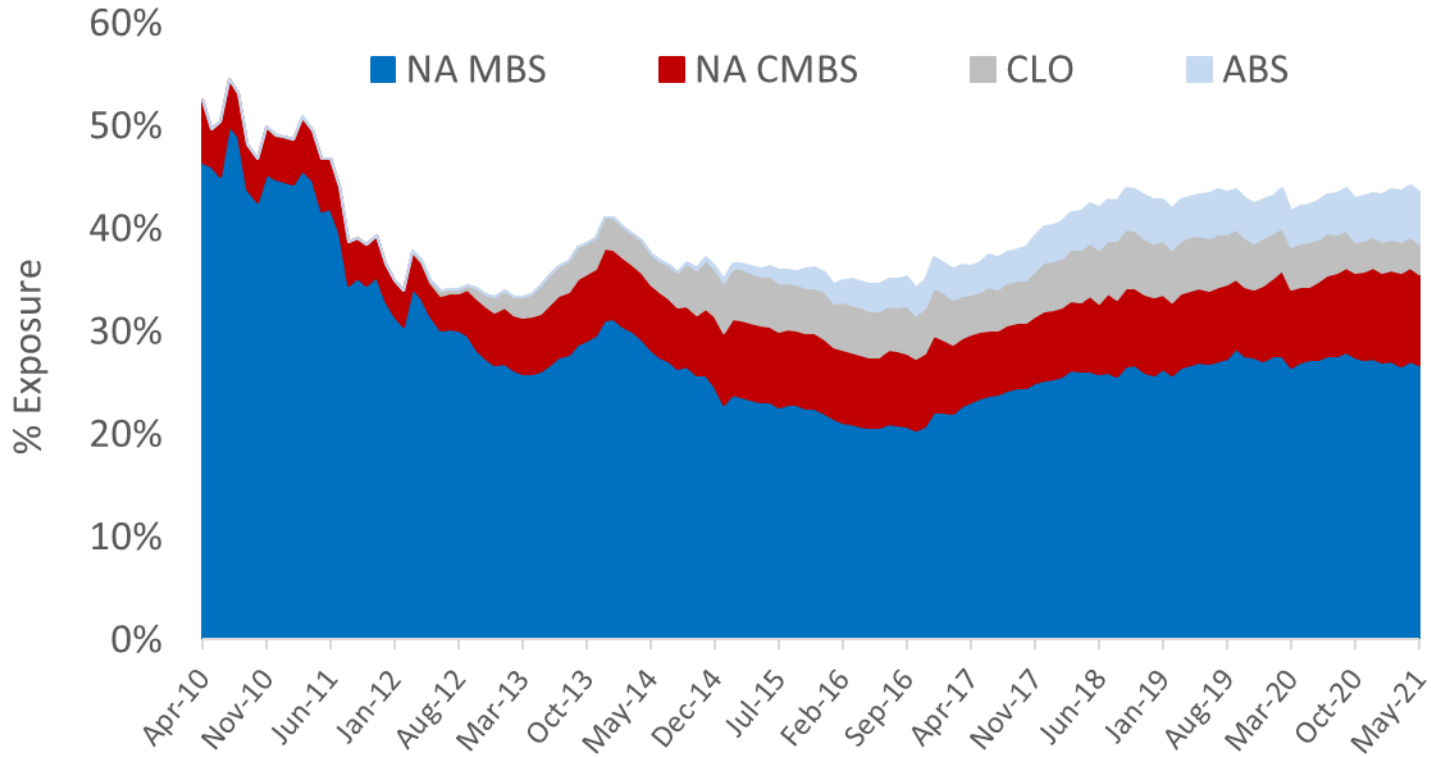
Source: DoubleLine, Bloomberg (October 1, 2019 through May 31, 2021)

# Credit Exposure

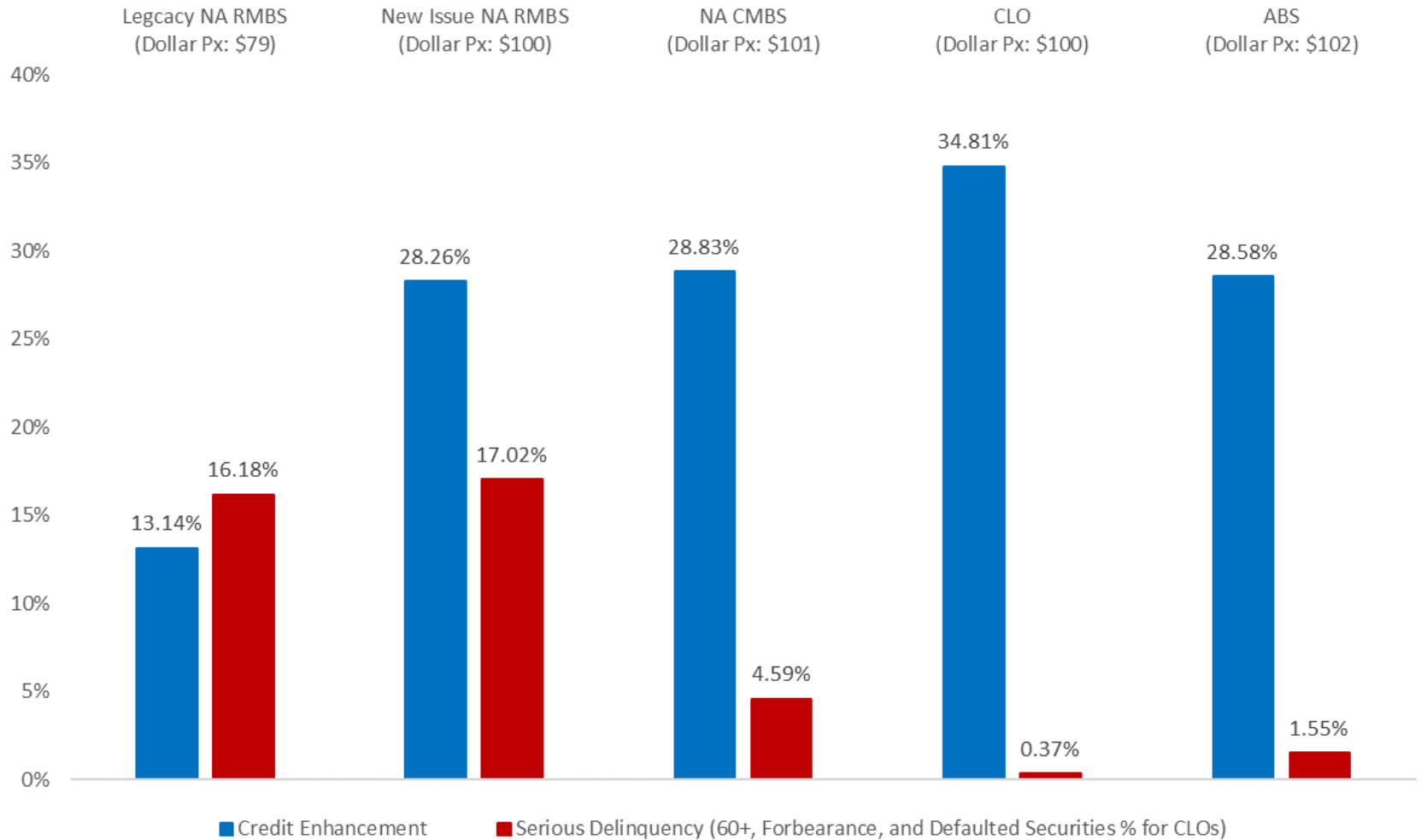
As of May 31, 2021



As of	NA MBS	NA CMBS	CLO	ABS
5/31/2021	26.7%	9.0%	3.0%	5.0%



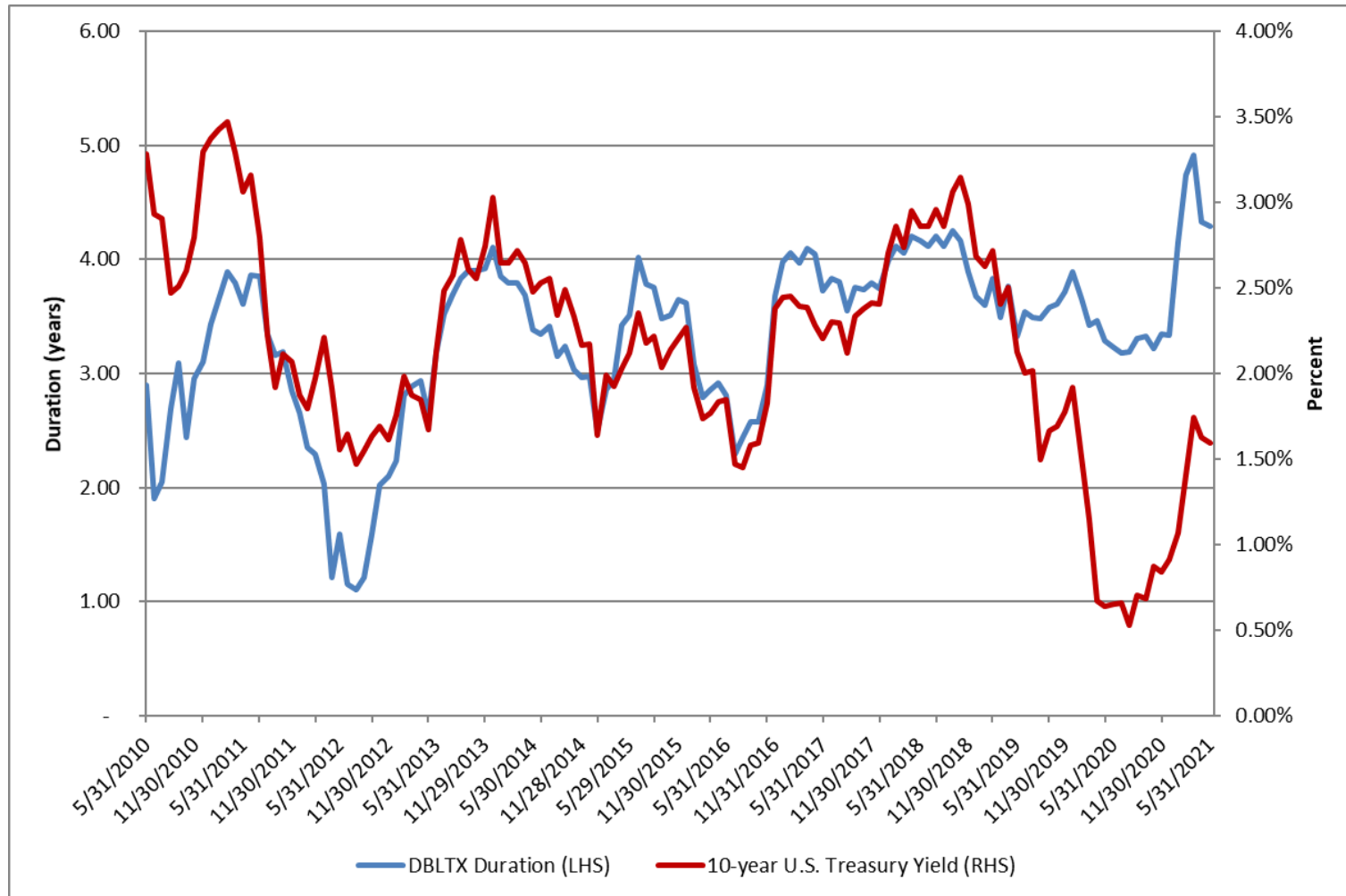
# Sector Credit Enhancement vs. Serious Delinquency



Source: XXXXXXX as of XXX

# Duration: DBLTX vs. 10-Year U.S. Treasury Yield

May 31, 2010 through May 31, 2021



Source: DoubleLine, Barclays

Duration: A measure of sensitivity of the price of a fixed-income investment to a change in interest rates, expressed in years.

# DoubleLine Total Return Bond Fund Portfolio Statistics

As of May 31, 2021



	DoubleLine Total Return Bond Fund	Bloomberg Barclays U.S. Aggregate Index
Average Price	\$102.23	\$105.77
Average Duration	4.29	6.49
Average Life	6.02	8.44

Source: DoubleLine

Portfolio statistics based on market weighted averages. Subject to change without notice.

Average price: A measure of the weighted average price paid for the securities calculated by taking the prices and dividing by the number of securities and does not include cash. Average price should not be confused with net asset value.

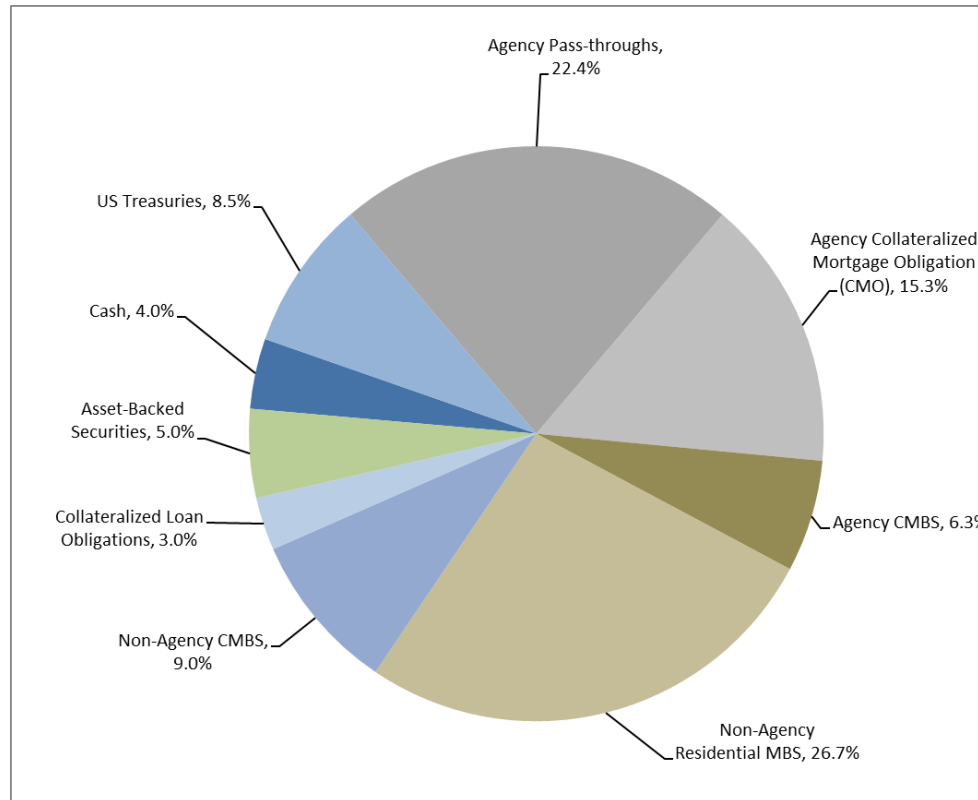
Average Duration: Duration is used as a risk measure. It measures the price volatility of a security given a change in interest rate movements.

Average Life: The average number of years that each dollar of unpaid principal due on the mortgage remains outstanding. Average life is computed as the weighted average time to the receipt of all future cash flows, using as the weights the dollar amounts of the principal paydowns.

One cannot invest directly in an index. Please see index definition.

# DoubleLine Total Return Bond Fund Portfolio Composition

As of May 31, 2021



Source: DoubleLine. Subject to change without notice.

Sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

Bond ratings are grades given to bonds that indicate their credit quality as determined by a private independent rating service such as Standard & Poor's. The firm evaluates a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from "AAA," which is the highest grade, to "D," which is the lowest grade. In limited situations when the rating agency has not issued a formal rating, the Advisor will classify the security as nonrated.

Cash: The value of assets that can be converted into cash immediately. Can include marketable securities, such as government bonds, banker's acceptances, cash equivalents on balance sheets that may include securities that mature within 90 days.

Government: U.S. treasury securities.

Agency: Mortgage securities whose principal and interest guaranteed by the U.S. Government agency including Fannie Mae (FNMA) or Freddie Mac (FHLMC).

Non-Agency: Residential Mortgages Bond Securities are a type of bond backed by residential mortgages. Non-Agency means they were issued by a private issuer.

CMBS: Commercial Mortgage-Backed Securities. Securitized loans made on commercial rather than residential property.

CLO: Collateralized Mortgage Obligations

# Clampdown

Live Webcast Hosted By:

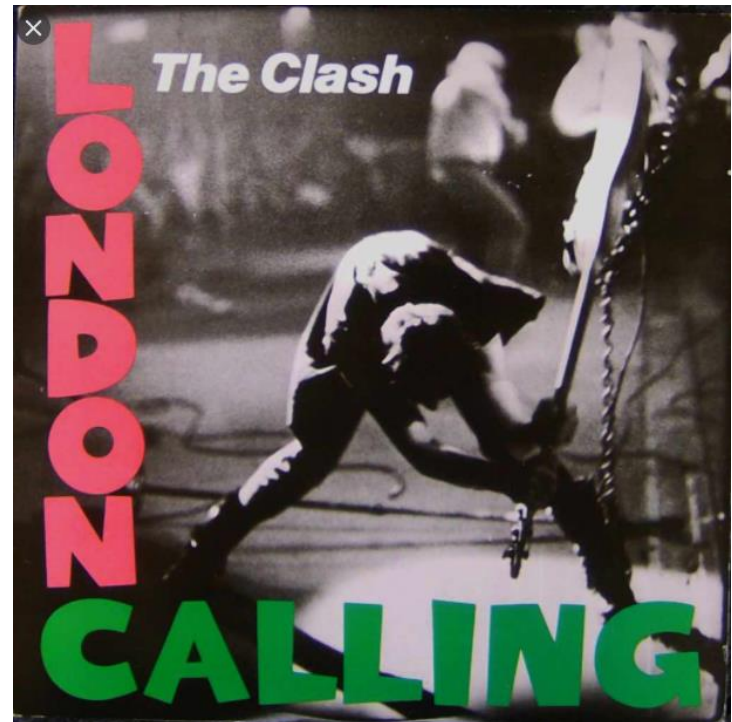
**Jeffrey Gundlach**

Chief Executive Officer

**Andrew Hsu**

Portfolio Manager

**June 8, 2021**



# Definitions



## Index Definitions

**Amherst Non-Agency Index** - Residential Mortgages Bond Securities are a type of bond backed by residential mortgages. Non-Agency means they were issued by a private issuer.

**Barclays Capital US 30 Year TIPS Index** - Barclays Capital 30-year TIPS on-the-run index quoted in US Dollars traded intraday

**Bloomberg Barclays Baa Corporate Index** - Measures the Baa-rated, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

**Bloomberg Barclays Commodities Total Return Index** This index (formerly the Dow Jones-UBS Commodity Index) is calculated on an excess return basis and reflects the price movements of commodity futures. It rebalances annually, weighted two-thirds by trading volume and one-third by world production, and weight caps are applied at the commodity, sector and group levels for diversification. The roll period typically occurs from the sixth to 10th business day based on the roll schedule.

**Bloomberg Barclays Global Emerging Markets Index** - The Barclays Capital Global Emerging Markets Index represents the union of the USD-denominated US Emerging Markets index and the predominately EUR-denominated Pan Euro Emerging Markets Index, covering emerging markets in the following regions: Americas, Europe, Middle East, Africa, and Asia. As with other fixed income benchmarks provided by Barclays Capital, the index is rules-based, which allows for an unbiased view of the marketplace and easy replicability.

**Bloomberg Barclays U.S. Corporate Index** - Is a subset of the Barclays U.S. Aggregate index which is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed rate taxable bond market. It includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS. This subset represents the investment grade portion of that index.

**Bloomberg Barclays U.S. Credit Index** - This index is the U.S. credit component of the US Government/Credit Index. It consists of publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity and quality requirements. To qualify, bonds must be SEC registered. The US Credit Index is the same as the former US Corporate Index.

**Bloomberg Barclays US Aggregate Bond Index** - Represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

**Bloomberg Barclays US CMBS Non-Agency Index** - Represents the Non-Agency CMBS component of the Bloomberg Barclays US Aggregate Index including AAA-BBB.

**Bloomberg Barclays US CMBS: ERISA Eligible Total Return Index** - Measures the investment-grade market of US Agency and US Non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300mn that are ERISA eligible. Sub-indexes within this index are broken out by ratings such as the Bloomberg Barclays CMBS ERISA Eligible: AAA Total Return Index; Bloomberg Barclays CMBS ERISA Eligible: AA Total Return Index; and the Bloomberg Barclays CMBS ERISA Eligible: BBB Total Return Index.

**Bloomberg Barclays US Corporate High Yield (HY) Index** - This index measures the U.S. dollar-denominated HY fixed-rate corporate bond market. Securities are classified as HY if the respective middle ratings of Moody's, Fitch and S&P are Ba1, BB+ or BB+ or below. The Bloomberg Barclays US HY Long Index, including bonds with maturities of 10 years or greater, and the Bloomberg Barclays US HY Intermediate Index, including bonds with maturities of 1 to 9.999 years, are subindexes of the Bloomberg Barclays US Corporate HY Index.

**Bloomberg Barclays US High Yield Index** - Covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issuer from countries designated as emerging markets (e.g. Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind (PIK, as of October 1, 2009) are also included.

**Bloomberg Barclays US MBS Index** - Represents the MBS component of the Bloomberg Barclays US Aggregate Index.

**Bloomberg Barclays US Treasury 10 Year Index** - This index is the 10 year component of the US Government index.

**Bloomberg Barclays US Treasury 30 Year Index** - This index is the 30 year component of the US Government index.

**Bloomberg Barclays US Treasury Index** - This index is the US Treasury component of the US Government index. Public obligations of the US Treasury with a remaining maturity of one year or more.

**Bloomberg Commodity Index (BCOM)** - An index calculated on an excess return basis and reflects commodity futures price movements.

**BofA Merrill Lynch Current 10 year UST Index** - This index is the 10 year component of the US Government index.

**BofA Merrill Lynch Current 30 year UST Index** - This index is the 30 year component of the US Government index.

**BofA Merrill Lynch International Government Index (NOGO)** - The Merrill Lynch International Index tracks the performance of Australia, Canadian, French, German, Japan, Dutch, Swiss and UK investment grade sovereign debt publicly issued and denominated in the issuer's own domestic market and currency. Qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding.

# Definitions

## Index Definitions

**BofA Merrill Lynch U.S. High Yield Index (H0A0)** - The Merrill Lynch High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on average of Moodys, S&P and Fitch) at least 18 months to final maturity at time of issue of issuance, a final maturity, a fixed coupon schedule and a minimum amount outstanding of \$100 MM.

**BofA Merrill Lynch US Corporate Index (COAO) "Investment Grade"** - The Merrill Lynch Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch) and an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings). Securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$250MM.

**BofA Merrill Lynch US Dollar Emerging Markets Sovereign Plus Index (IGOV)** - This index tracks the performance of US dollar denominated emerging market and cross-over sovereign debt publicly issued in the eurobond or US domestic market. Qualifying countries must have a BB1 or lower foreign currency long-term sovereign debt rating (based on an average of Moody's, S&P, and Fitch).

**BofA Merrill Lynch US Government Index (GOAO)** - The Merrill Lynch US Government Index tracks the performance of US government (i.e. securities in the Treasury and Agency indices.)

**BofA Merrill Lynch US Treasury Index (GOQ0)** -The Merrill Lynch US Treasury Index tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. Qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 billion.

**CAC 40** - This index the most widely-used indicator of the Paris market, reflects the performance of the 40 largest equities listed in France, measured by free-float market capitalization and liquidity.

**Citigroup Economic Surprise Index** - The Citigroup Economic Surprise Indices are objective and quantitative measures of economic news. They are defined as weighted historical standard deviations of data surprises (actual releases vs Bloomberg survey median). A positive reading of the Economic Surprise Index suggests that economic releases have on balance beating consensus. The indices are calculated daily in a rolling three-month window. The weights of economic indicators are derived from relative high-frequency spot FX impacts of 1 standard deviation data surprises. The indices also employ a time decay function to replicate the limited memory of markets.

**CRB Commodity Index (CRY)** - An unweighted geometric average of some important commodities. It averages prices across 17 commodities and across time. The index tracks energy, grains, industrials, livestock, precious metals, and agricultural.

**Credit Suisse High Yield Liquid Index** - Tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market.

**Credit Suisse Investment Grade Index** - Tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market.

**DAX** - This index is the German Stock Index is a total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange.

**Dow Jones Industrial Average (DJIA)** - A widely-watched benchmark index in the U.S. for blue-chip stocks. The DJIA is a price-weighted index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the Nasdaq.

**Dow Jones UBS Commodity index** - Composed of commodities traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME).

**DXY** - U.S. dollar spot index indicates the general international value of the US dollar by averaging the exchange rates between the USD and major world currencies.

**ESTX50** - EuroStoxx 50 index is Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of supersector leaders in the Eurozone.

**FTSE 100** - A capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange.

**ICE Bank of America (BofA) MOVE Index** - This index is a measure of U.S. interest-rate volatility that tracks the movement in U.S. Treasury yield volatility implied by current prices of one-month over-the-counter options on two-, five-, 10- and 30-year Treasuries.

**ISM Manufacturing PMI Index** - ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms. It is considered to be a key indicator of the state of the U.S. economy.

**J.P. Morgan Collateralized Loan Obligation Index (CLOIE)** - This market value-weighted index comprises U.S. dollar-denominated collateralized loan obligations (CLOs). Sub-indexes are divided by ratings AAA through BB and further divide between pre-and post-crisis vintages. Examples of sub-indexes are the J.P. Morgan CLO AAA, J.P. Morgan CLO AA, J.P. Morgan CLO A, J.P. Morgan BBB, and J.P. Morgan BB Indexes.

**J.P. Morgan Emerging Markets Bond Index (EMBI)** - This index tracks emerging markets (EM) bonds and comprises sovereign debt and EM corporate bonds.

# Definitions

## Index Definitions

**J.P. Morgan Emerging Markets Currency Index (EMCI)** - This index is a tradeable benchmark for emerging markets (EM) currencies vs the U.S. dollar.

**KBW Nasdaq Bank Index** - A benchmark stock index of the banking sector includes 24 stocks.

**Lehman Brothers Aggregate Bond Index** - A benchmark made up of the Lehman Brothers Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index, including securities that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$100 million.

**MSCI ACWI (ex U.S.) Index** - A free-float weighted equity index that includes both emerging and developed worlds markets except the U.S.

**MSCI ACWI Index (ACWI)** - A free-float weighted equity index that includes both emerging and developed worlds markets.

**MSCI Europe Index** - The MSCI Europe Index is a free-float weighted equity index designed to measure the equity market performance of the developed markets in Europe.

**MSCI US Small Cap Index** - A free float weighted index of U.S. small cap equity stocks.

**MSCI USA Large Cap Index** - A free float weighted large- cap equity index.

**NASDAQ 100 Index** - A basket of the 100 largest, most actively traded U.S. companies listed on the NASDAQ stock exchange.

**Nikkei 225 (Tokyo Stocks)** - The Nikkei-225 Stock average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

**Palmer Square CLO Debt Index (CLODI)** - A rules-based observable pricing and total return index for CLO debt for sale in the U.S.

**Price-to-Earnings (P/E Ratio)** - This ratio for valuing a company measures current share price relative to earnings per share (EPS). The P/E ratio is also sometimes known as the "price multiple" or the "earnings multiple." A high P/E ratio could mean that a company's stock is overvalued, or investors are expecting high growth rates in the future.

**Russell 2000** - Measures the performance of the small-cap segment of the US equity universe. Russell 2000 is a subset of the Russell 3000 index representing approximately 10% of the total market capitalization of that index.

**S&P 500 (SPX)** - A free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States.

**S&P 500 High Beta Index** - Measures the performance of 100 constituents in the S&P 500 that are most sensitive to changes in market returns.

**S&P GSCI** - A composite index of commodity sector return representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

**S&P U.S. Mortgage-Backed Securities Fixed Rate 1-10 year Index (MBS Fixed Rate 1-10 Year)** - Is a rules-based, market-value-weighted index covering U.S. dollar denominated, fixed-rate mortgages 1-10 years.

**S&P/Case-Shiller Composite Home Price Index** - The Case-Shiller Home Price Indices, one comprised of price changes within all 20 metropolitan markets, and another comprised of price changes within the following subset of 10 metropolitan markets: Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York, San Diego, San Francisco and Washington DC. In addition: 10 markets, the 20-Home Price index reflects price changes for Atlanta, Charlotte, Dallas, Detroit, Minneapolis, Phoenix, Portland, Seattle and Tampa.

**S&P/LSTA Leveraged Loan 100 Index** - This index tracks the market-weighted performance of the 100 largest institutional leveraged loans based on market weightings, spreads and interest payments. Sub-indexes within this index are the S&P/LSTA Leveraged Loan B Index and the S&P/LSTA Leveraged Loan BB Index. These sub-indexes track loans in the B to BB rated categories.

**S&P/LSTA Leveraged Loan Index** - This index tracks the market-weighted performance of institutional weighted loans based on market weightings, spreads and interest payments.

**Shanghai Index** - The Shanghai Stock Exchange Composite is a capitalization-weighted index tracking daily price performance of all A and B-shares listed on the Shanghai Stock Exchange. This index was developed December 19, 1990 with a base value of 100.

**Volatility Index (VIX)** - The VIX shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking and is calculated from both calls and puts. The VIX is a widely used measure of market risk and is often referred to as the "investor fear gauge."

**Manheim Used Car Value Index** - By applying statistical analysis to its database of more than 5 million used vehicle transactions annually, Manheim has developed a measurement of used vehicle prices that is independent of underlying shifts in the characteristics of vehicles being sold.

# Definitions

**Basis Point**- A basis point is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.

**Convexity**- A measure of the curvature, or the degree of the curve, in the relationship between bond prices and bond yields. Convexity demonstrates how the duration of a bond changes as the interest rate changes. Portfolio managers will use convexity as a risk-management tool, to measure and manage the portfolio's exposure to interest rate risk.

**"Copper"**- Copper Spot Price (HGI) Copper is the world's third most used metal behind iron and aluminum primarily used in highly cyclical industries including construction and industrial machinery manufacturing. Spot price quoted in USD/lb.

**Copper-Gold Ratio (CGR)** - Calculated by dividing the market price of a pound of copper by the market price of an ounce of gold.

**Correlation** - A statistical measurement of the relationship between two variables. Possible correlations range from +1 to -1. A zero correlation indicates that there is no relationship between the variables. A correlation of -1 indicates a perfect negative correlation and +1 indicates a perfect positive correlation.

**Crude Oil** - Crude oil varies greatly in appearance depending on its composition. West Texas intermediate (WTI)= Texas light sweet crude is used as a benchmark in oil pricing. It's "light" because of the low density and sweet because of low sulfur. Brent crude = Is a major trading classification of sweet light crude. Brent is the oil maker also known as Brent Blend.

**Cyclically Adjusted Price-to-Earnings (CAPE) Ratio** - This ratio measures valuation by using real earnings per share (EPS) over a 10-year period to smooth out fluctuations in corporate profits that occur over different periods of a business cycle. It is also known as the "Shiller P/E ratio" for Yale University professor Robert Shiller, who popularized its use.

**Debt-Service Coverage Ratio (DSCR)** - A measurement of a firm's available cash flow to pay current debt obligations.

**Drawdown**- The peak-to-trough decline during a specific record period of an investment, fund or commodity. A drawdown is usually quoted as the percentage between the peak and the trough.

**Duration** - Duration is a commonly used measure of the potential volatility of the price of a debt security, or the aggregate market value of a portfolio of debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration.

**"Gold"**- Gold Spot Price (Golds) The Gold Spot price is quoted as US Dollar per Troy Ounce.

**Market Capitalization** - The market value of a company's outstanding shares. This figure is found by taking the stock price and multiplying it by the total number of shares outstanding.

**Nasdaq** - A computerized system that facilitates trading and provides price quotations on more than 5,000 of the more actively traded over the counter stocks. Created in 1971, the Nasdaq was the world's first electronic stock market.

**P/E (Price-to-Earnings) Ratio** - The ratio of valuing a company that measures its current share price relative to its per-share earnings.

**R-Squared (R<sup>2</sup>)** - A statistical measure that represents the proportion of the variance for a dependent variable that's explained by an independent variable or variables in a statistical measure that represents the proportion of the variance for a dependent variable that's explained by an independent variable or variables in a regression model.

**Smart Beta** - A passive weighting scheme that deviates from market capitalization.

**Spread** - Spread is the percentage point difference between yields of various classes of bonds compared to treasury bonds.

**Standard Deviation (or Sigma)** - Shows how much variation there is from the "average" (mean, or expected/budgeted value). A low standard deviation indicated that the data point tend to be very close to the mean, whereas high standard deviation indicated that the date is spread out over a large range of values.

**U-3 Unemployment Rate** - Officially recognized rate of unemployment, compiled and released monthly by the U.S. Bureau of Labor Statistics, measuring the number of unemployed people as a percentage of the labor force.

**Upgrade-to-Downgrade Ratio** - A ratio between bond upgrades (when a rating agency raises a bond's rating) and bond downgrades (when a rating agency lowers a bond's rating).

**Yield Curve** - Is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates.

**Yield-to-Worst (YTW)** - The lowest yield of a bond that can be received short of default.

**Z-Score** - A Z-score is a numerical measurement that describes a value's relationship to the mean of a group of values. Z-score is measured in terms of standard deviations from the mean.

## Important Information Regarding This Material

Issue selection processes and tools illustrated throughout this presentation are samples and may be modified periodically. Such tools are not the only tools used by the investment teams, are extremely sophisticated, may not always produce the intended results and are not intended for use by non-professionals.

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## Important Information Regarding DoubleLine

In preparing the client reports (and in managing the portfolios), DoubleLine and its vendors price separate account portfolio securities using various sources, including independent pricing services and fair value processes such as benchmarking.

To receive a copy of DoubleLine’s current Form ADV (which contains important additional disclosure information, including risk disclosures), a copy of DoubleLine’s proxy voting policies and procedures, or to obtain additional information on DoubleLine’s proxy voting decisions, please contact DoubleLine’s Client Services.

## Important Information Regarding DoubleLine’s Investment Style

DoubleLine seeks to maximize investment results consistent with our interpretation of client guidelines and investment mandate. While DoubleLine seeks to maximize returns for our clients consistent with guidelines, DoubleLine cannot guarantee that DoubleLine will outperform a client’s specified benchmark or the market or that DoubleLine’s risk management techniques will successfully mitigate losses. Additionally, the nature of portfolio diversification implies that certain holdings and sectors in a client’s portfolio may be rising in price while others are falling or that some issues and sectors are outperforming while others are underperforming. Such out or underperformance can be the result of many factors, such as, but not limited to, duration/interest rate exposure, yield curve exposure, bond sector exposure, or news or rumors specific to a single name.

DoubleLine is an active manager and will adjust the composition of clients’ portfolios consistent with our investment team’s judgment concerning market conditions and any particular sector or security. The construction of DoubleLine portfolios may differ substantially from the construction of any of a variety of market indices. As such, a DoubleLine portfolio has the potential to underperform or outperform a bond market index. Since markets can remain inefficiently priced for long periods, DoubleLine’s performance is properly assessed over a full multi-year market cycle.

## Important Information Regarding Client Responsibilities

Clients are requested to carefully review all portfolio holdings and strategies, including by comparison of the custodial statement to any statements received from DoubleLine. Clients should promptly inform DoubleLine of any potential or perceived policy or guideline inconsistencies. In particular, DoubleLine understands that guideline enabling language is subject to interpretation and DoubleLine strongly encourages clients to express any contrasting interpretation as soon as practical. Clients are also requested to notify DoubleLine of any updates to client’s information, such as, but not limited to, adding affiliates (including broker dealer affiliates), issuing additional securities, name changes, mergers or other alterations to Client’s legal structure.

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